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NEWS SUMMARY

GENERAL

Iran reply on U.S. hostage proposals

Algerian intermediaries gave the U.S. Iran's formal response to proposals for ending the hostage crisis.

The American delegation in Algiers has received a substantive Iranian response to the American messages, the State Department said in Washington. "It warrants close and intensive study, which is now being undertaken both by the American delegation in Algiers and officials in Washington."

Earlier story, Page 3

D'Urso released by Red Brigade

Italy's Red Brigade terrorists released kidnapped magistrate Giovanni D'Urso, who was found tied up in the back seat of a stolen car in Rome.

His release seems to have led to a formula which may reconcile the differences between the Government's coalition partners and win a vote of confidence in Government handling of the five-week affair. Page 2

Two sergeants jailed for life

Two Argyll and Sutherland Highlanders sergeants were jailed for life at Belfast Crown Court after admitting murder. Stanley Hathaway, 36, admitted killing two civilians, and John Byrne, 33, admitted killing one of them in Co. Fermanagh in 1972.

Former Lance-Corporal Iain Chestnut was jailed for four years for manslaughter and Captain Andrew Snowball, 27, who withheld information on the killings, received a one-year suspended prison term.

Interest hint

Chancellor Sir Geoffrey Howe gave a clear hint that interest rates are unlikely to fall before the Budget on March 10. Back Page

Airmen killed

Three Dutch navy airmen died when their aircraft, which was shadowing a Russian aircraft carrier, crashed off the west coast of Scotland. Nine were rescued.

Hess appeal

An appeal by former Nazi deputy leader Rudolf Hess, 85, against continued imprisonment was rejected by the West German constitutional court in Karlsruhe.

Man charged

Stuart Blackstock, 26, of no fixed address, was remanded in custody by Uxbridge magistrates accused of attempting to murder policeman Philip Olds in Hayes, Middlesex, last month.

Vote for Haig

The U.S. Senate foreign relations committee voted to recommend the confirmation of retired general Alexander Haig as Secretary of State. Trade job, Page 4

Weather chaos

Parts of south-west France were declared disaster areas after heavy snowfalls. In India, 230 have died in freak gales and snow. In Japan, 48 died in the heaviest snowfall since 1963. Roads were blocked by snow in northern Britain. Weather, Back Page

Rugby moves

South Africa's Western Province announced moves to integrate its racially segregated rugby clubs. In Strasbourg, the European Parliament rejected a demand by Irish Euro-MPs to debate the proposed Irish RFU South African tour.

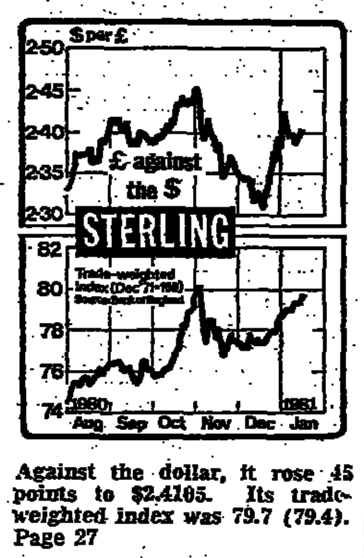
One-voiced bandit

A Gwent, South Wales, company has advance orders worth £1.3m for the world's first talking fruit machine, which has a 120-word vocabulary and says "Wow, wow, wow" when paying the jackpot.

BUSINESS

£ highs against D-Mark and FFr

● STERLING reached FFr 11.1150 (FFr 11.06), its best level since August 1974, and DM 4.8050 (DM 4.78), the highest since March 1976.



Against the dollar, it rose 45 points to \$2.4105. Its trade-weighted index was 79.7 (79.4). Page 27

● DOLLAR firmed to DM 1.9995 (DM 1.9930), but weakened against the yen to Y201.50 (Y203.0). Its index was unchanged at 86.8. Page 27

● GOLD rose \$14 in London, closing at \$573.5. Page 27

● GILTS were depressed by the likely overshooting of the PSBR target. The FT Government Securities index closed 0.41 down at 68.06. Page 30

● EQUITIES picked up. The FT 30-share index finished 2.5 up at 448.5. Page 30

● WALL STREET was up 1.87 at 98.34 near the close. Page 28

● UNIT TRUST sales were a record £551m last year. Repurchases were also the highest, at £424m. Page 7

● CARTER Administration's last Budget forecasts that the U.S. economy will not go into recession this year. It puts real economic growth at 1.5 to 2 per cent and inflation at 12.6 per cent. Page 4

● GENERAL MOTORS' European sales of U.S.-built cars dropped from about 30,000 in 1979 to 22,000 last year. Page 5

● VOLKSWAGEN of West Germany is cutting commercial vehicle output. Audi, its subsidiary, is continuing short-time working. Page 25

● SHIPPING employers sought to retable their 12 per cent offer to the seamen's union. Back Page; Cargo crew dismissed, Page 10

● JOHNSON-RICHARDS is to spend up to £8m modernising three of its Staffordshire tile factories, leading to estimated redundancies of 10 per cent. Page 8

● BBC was considering increasing its 8 per cent pay offer to actors after their union Equity threatened industrial action.

● ACCOUNTANCY bodies concede that the Government's stock relief proposals will become law and recommend that companies immediately take up the implications. Page 21

● ITEL, the San Francisco leasing company, meets today to consider bankruptcy proceedings. Back Page

● LONRHO, the House of Fraser's largest shareholder, will consider any reasonable offer for its stake, said chief executive Tiny Rowland. Back Page; Feature, Page 19

● UNIGATE plans to sell its Cow and Gate subsidiary to the Dutch Verenigde Bedrijven Nutricia. Back Page; Partnership in its infancy, Page 6

● GRAND METROPOLITAN, hotel and leisure conglomerate, increased pre-tax profits to £152.1m (£136m) in the year to September 30, helped by U.S. Liggett Group results. Page 20; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Berisford (S. W.)	182	+	6
Bowthorpe	154	+	6
British Sugar	253	+	10
Cornell Dresses	78	+	10
Country New Town	58	+	3
Grand Metropolitan	146	+	8
Greycoat Estates	176	+	11
GKN	145	+	7
London United	185	+	13
Martin (R. P.)	139	+	27
Sandhurst Mrkting.	48	+	5
Somportex	580	+	55
Stag Line	370	+	100
Suter Electrical	66*	+	5
UDT	49	+	11
Unigate	89	+	3
Starata Oil	218	+	28
Haoma Gold	164	+	18
North West Mining	114	+	18
FALLS			
Exchq. 11pc 1991	£84¼	—	1
Treas. 11½pc 03-07	£85¼	—	1
BET Dfd.	119	—	5
Barclays Bank	410	—	7
Dixons Photogrphc.	137	—	8
Elson and Robbins	28	—	4
Ferguson Ind.	54	—	6
GEC	573	—	7
Hambro Life	287	—	5
Lloyds and Scottish	138	—	8½
Muirhead	62	—	4
Rentokil	162	—	5
Wyatt (Woodrow)	20	—	3
Vogels	85	—	10

* Price at suspension

Massey warns banks problems 'must be solved by weekend'

BY MICHAEL LAFFERTY

MASSEY - FERGUSON, the Canadian-based farm equipment and engineering group, warned representatives of more than 200 banks from various countries, in London yesterday that its financial troubles required a solution by the weekend.

The bankers, who have been meeting since last week to seek a rescue package for the group, were told that Massey's suppliers were running out of patience. In some cases the group was already facing supplier problems.

The stark warning about Massey's growing difficulties came at the first general session of all the group's bankers in talks designed as the final ones on the proposed rescue.

The session, opened by Mr. Victor Rice, Massey's chairman, ended with a slide presentation about immediate supplier problems.

This showed that new suppliers insisted on cash on delivery of goods, while established suppliers were increasingly reluctant to include Massey-Ferguson items in their production schedules.

Despite this news there was a general feeling of hopes among the bankers yesterday that Massey-Ferguson would be saved.

From Barclays Bank Mr. Andrew Buxton, a general manager, took the unusual step of issuing a statement about Massey: "I am confident that the banks will have general agreement to partake in a rescue for the group by the weekend," he said.

Both Massey executives and the group's leading bankers are believed to want to issue an optimistic statement, essentially stating that a rescue package has been agreed in principle, either today or tomorrow.

They see this as an essential step in rebuilding supplier confidence. Massey stressed to the bankers at yesterday's meeting that, though at a low level, this was not yet nearly as bad as might have been feared in view of the group's troubles.

The original rescue scheme proposed at the end of last year called for a mixture of guarantees and subscriptions to new equity, to be met by the Canadian Government; the Canadian Imperial Bank of Commerce, Massey's largest bank creditor; and the other banks in various countries to which Massey owes money.

In some respects, including a stipulation by the Canadian Government that Massey find a new private investor to put up C\$200m (£70m) for the revitalised Massey, this has now changed. In particular, the Canadian Government is said to be asking a number of Canadian financial institutions to come up with this money.

Bankers at the London meeting were unclear last night as to whether all this backing had yet been obtained. For this reason, bankers stress that any agreement by them to partake in a rescue is dependent on Canadian Government support.

Another change relates to the British Government's Export Credits Guarantee Department, which is owed about £100m in respect of bankers' guarantees for Massey exports. It is said to be willing to accept new Massey equity for this.

A small number of bankers have been reluctant to participate in the rescue scheme. These include all Massey's Brazilian bank creditors and the Swiss Volksbank. The latter is apparently insisting on some repayment of its loan before considering further support.

National debate sought on conduct of the unions

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GOVERNMENT last night started what it hopes will be a national debate on the role of the law in industrial relations and the conduct of trade unions generally.

A long-promised Green Paper on trade unions' legal immunities, published yesterday, carefully avoids coming to any conclusions. But the tenor of the document appears to be largely against further legislation, for a mixture of technical or industrial relations reasons.

It bears the stamp of the moderate philosophy of Mr. James Prior, Employment Secretary, who has been anxious to take the heat out of union issues now that his controversial Employment Act removing some trade union immunities is on the Statute Book.

The impact of Britain's poor industrial relations on economic performance is described, but employers as well as unions are blamed for many of the problems.

Due note has been taken of the views of the Conservative Right-wing — which includes the Prime Minister herself — which wanted the Employment Act to go much further. But most of the radical proposals discussed are given short shrift by the authors of the paper. The lessons of the failure of the Conservatives' 1971 Industrial Relations Act are constantly referred to, as is the concept of "voluntarism" sanctified by the Donovan Commission in 1968.

The first reaction of trade union leaders was that the discussion document was a diversionary tactic, designed to distract public attention from the Government's management of the economy.

Mr. Len Murray, TUC general secretary, said the document did not "come to grips" with the real issues. It showed latent hostility to effective trade unionism.

"The Government really

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Editorial Comment, Page 18

Main questions posed by green paper

1—Should trade union funds be vulnerable in court actions for damages?

2—Should "secondary" industrial action be further restricted?

3—Should picketing be further restricted, and the police obliged to collect names?

4—Should the definition of trade dispute be changed?

5—Should collective agreements be legally enforceable?

6—Should secret ballots be made compulsory?

7—Would further restrictions on the closed shop work?

8—Should strikes in essential services be unlawful?

9—Should there be a right to strike instead of immunities?

Surprise £106m bid for UDT

BY CHRISTINE MOIR

THE United Dominions Trust has received a surprise £106m bid approach from Lloyds and Scottish. The bid is intended to pre-empt six months of negotiations by which the Trustees Savings Bank Group was to have bought most of UDT's consumer finance business.

UDT was once one of the most stricken casualties in the Bank of England's "life-boat" action to save secondary banks and finance groups hit by the 1974 crisis. It was last August that TSB and UDT announced agreement in principle for the TSB to take over 75 per cent of the £450m credit business.

Negotiations have been quietly proceeding since then and, according to the TSB last night, will continue towards the completion target early next month.

At this late stage Lloyds and Scottish, the finance house controlled by the Royal Bank of Scotland and Lloyds Bank, has slapped a bid approach on the UDT board table which specifically nicludes the consumer credit business.

The bid terms, announced to UDT's board yesterday afternoon, value the whole group at £106m if the special convertible shares issued in the 1974 rescue are taken into account.

For each UDT share Lloyds and Scottish offers 55p, made up of 43.36p in cash and a proportion of shares which at Wednesday's market price for Lloyds and Scottish of 145½p amounted to a further 11.64p.

UDT's market price had crept up from 38p to 42p in the past day or so (triggering the offer announcement, according to S. G. Warburg, Lloyds and Scottish's advisers). It closed at 49p. The 8½p fall yesterday in Lloyds and Scottish's price makes little difference to the bid price.

Lloyds and Scottish's two controlling banks are financing the deal by underwriting the cash element of the bid and taking up £80m of new Lloyds and Scottish shares. This will allow them to maintain their holdings of just under 40 per cent apiece.

A special meeting to approve the issue will need to be called but this is a formality.

Much less of a formality are the conditions so far attached to the bid. Lloyds and Scottish wants the UDT board to recommend it. Last night UDT was advising shareholders to sit tight.

It also vitally needs the approval of two big institutions, Prudential and Eagle Star, which became potentially the controlling shareholders in the 1974 rescue. If they convert all their preference shares they end up with 52 per cent of UDT.

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For latest Share Index phone 01-246 8026

BUDGET DAY MARCH 10

Budget day will be Tuesday, March 10, Mr. Francis Pym, the Leader of the House of Commons, confirmed yesterday. This is one of the earliest dates on record. The annual public expenditure White Paper will be published on the same day.

Confusion over policy causes fall in gilts

BY PETER RIDDELL

PRICES of gilt-edged stocks fell sharply yesterday as the markets became more confused about the state and direction of the Government's monetary and fiscal policy ahead of the Budget, now confirmed for March 10.

The markets' doubts have not been allayed either by ministerial attempts to provide reassurance or by yesterday's money supply figures.

Prices of longdated stocks fell by up to £1½ at one stage yesterday before closing £1 lower.

The immediate cause for concern is the level of public-sector borrowing in this financiali year following Wednesday's admission by Mr. Nigel Lawson, Financial Secretary to the Treasury, that even last November's £11½bn forecast might be exceeded.

There are particular worries about the apparent delays in receipts of company and other taxes in the normal period of heavy payments in January and February.

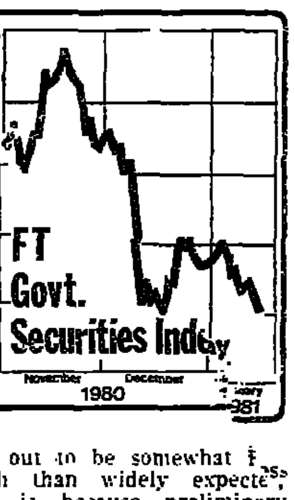
Moreover, yesterday's monetary figures up to December 10 imply that the public sector's financial position in the month to mid-January may not be as favourable as had been hoped. Borrowing is known to have been high in the calendar month of December.

The monetary figures confirmed yesterday that sterling M3, the broadly-defined measure, rose by 0.5 per cent last month. Bank lending to the private sector rose by £816m after a slight fall previously, though the figures were affected by switching from foreign currency to sterling borrowing.

The underlying worry is about the monetary and fiscal outlook for 1981-82 in view of the current overrun.

In his speech Mr. Lawson said this remained the aim. However, in a passage which surprisingly caused some confusion yesterday, he said borrowing could be allowed to rise above this level in response to the impact of the deeper-than-expected recession.

On this basis the Budget may turn out to be somewhat less tough than widely expected. This is because preliminary Whitehall estimates suggest that public-sector borrowing in 1981-82 could be less than £11bn after taking into account the £2bn tax increases announced last November.



However, Sir Geoffrey Howe, Chancellor, may want to cut borrowing below this level in order to reduce interest rates.

This is, however, a preliminary view subject to a margin of error of several billion pounds either way. Such estimates present only the overall position and Sir Geoffrey has made no secret of his desire to help industry, if this is possible.

Consequently, there could be higher taxes on the personal sector (most likely by not raising income tax allowances fully in line with inflation) to pay for any concessions to companies.

There are no signs of any significant change in the Treasury's view of the economic prospects since last November. Further evidence will be provided by indicators due today —for the retail prices index (expected to confirm a 12-month rate of increase of between 15 and 15½ per cent), the current account of the balance of payments, and industrial production.

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Institutional investment, Page 7
MLR cut unlikely, Back Page
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£ in New York

	Jan. 14	Previous
Spot	\$2.4000-4010	\$2.3915-3925
1 month	0.95-1.05 pm	1.30-1.40 pm
3 months	2.30-2.40 pm	2.70-2.80 pm.
12 months	3.90-4.10 pm	4.30-465 pm.

Chrysler effort to win debt write-off

By Ian Hargreaves in New York

CHRYSLER executives and U.S. Government officials yesterday began urgent efforts to gather support from around the world for the lates financial package to save the motor company.

Telex messages were going out to about 150 banks, suppliers were being telephoned and the United Autoworkers Union began their job of selling to its Chrysler members a package of concessions needed to enable the Government to release an loan guarantees.

Conditional agreement on such a package was reached on Wednesday night between the Government's Chrysler Loan Guarantee Board, the company, union leaders and representatives of Chrysler's main banks.

Employees are being asked to support a wage freeze, while the banks are requested to exchange \$1.068bn in loans for \$500m in preferred stock and \$150m in cash. Suppliers are being asked for \$72m in concessions.

This would release \$400m of guarantees on top of the \$800m drawn last year, leaving only \$300m remaining of the aid voted by Congress for possible future rescue.

Union leaders said they were fairly confident of rank-and-file support for the deal and certainly a hopeful note was struck by Chrysler workers as they arrived in Detroit yesterday to start work at the company's Jefferson assembly plant.

Many banks were shocked by the scale of the debt conversion and the planned write-offs — sketched out in the final hours of negotiations — which will almost eliminate bank debt from Chrysler's balance sheet in the course of the next year.

But the feeling among New York bankers was that they would accept the deal, in the belief that they would do best by cutting ties with Chrysler as soon as possible.

Some European banks and smaller American banks, however, have voiced strong objections to the terms, although it is difficult to see what alternative is open to them.

Under last year's initial rescue and the Chrysler Loan Guarantee Act, all creditors formally waived their right to call Chrysler into default on broken debt pledges. "That agreement still holds good," the U.S. Treasury said yesterday.

Bankers also hope that the joint Chrysler-government effort to find a merger partner for the company might be successful and so avoid the risk of

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Dutch bank chief warns on public borrowing

By Charles Batchelor in Amsterdam

DR. JELLE ZIJLSTRA, President of the Dutch Central Bank, has issued a stern warning to the government that excessive public sector borrowing is distorting the economy and could endanger the position of the guilder.

In a strongly worded letter to Mr. Fons van der Stee, Finance Minister, Dr. Zijlstra urged the government to cut its borrowing requirement and reduce its reliance on inflationary forms of short-term borrowing.

The Finance Minister took the unusual step of publishing the Central Bank's letter, written in December, after some details had been leaked to the Press.

Dr. Zijlstra's warning is a second public reprimand for the government for profligate spending policies. Earlier this month, Dr. Frans Rutten, the most senior civil servant at the Economics Ministry, warned in strong terms that a change in policies was needed to avoid 1930-style unemployment and financial chaos.

The Finance Minister said in his reply to Dr. Zijlstra's letter that he shared the view that an exceptional effort was needed to reverse the economic trend, and promised the government would be discussing in the short-term what steps to take.

Government policies have taken insufficient account of the sharp slow-down in economic growth, Dr. Zijlstra said. Despite the contribution of gas to the balance of payments current account the Netherlands' deficit—amounting to 2 per cent of national income — is double the OECD average.

This has led to serious distortion of the payments balance which is expected to show a deficit of Fl4.5bn (£870m) in 1980.

The government has been unable to make good its assurances that its budget deficit would be reduced last year to about 6 per cent of national income. The actual deficit was much higher, and will adversely influence the budget position in 1981, he added.

Dr. Zijlstra effectively charged the government with having misused facilities granted by the Central Bank to smooth the recovery of the balance of payments and help government borrowing.

Commercial banks were recently freed of limits on borrowing abroad and have been allowed to make unrestricted short-term loans to the government.

He called on the government to restrict the amount of monetary financing. He also revealed that new controls on the amount of bank lending would soon come into force.

Norway road work resumes

By Fay Gjester in Oslo

WORK resumed yesterday on a road needed for the controversial Alta hydro power project, in north Norway.

Construction had been held up for over a year by Lapp and environmentalist protests.

Price rise record

By Our Oslo Correspondent

NORWEGIAN prices rose by a record 13.7 per cent last year, the Central Bureau of Statistics said yesterday.

By mid-December, the consumer price index had reached 116.4 (1979 equals 100) compared with 115.6 in November and 102.4 in December, 1979. This is a year-on-year increase of 13.7 per cent.

ITALY SEEKS RECONCILIATION IN COALITION

Confidence vote after D'Urso release

BY JAMES BUXTON IN ROME

AS RELIEF and delight followed the release yesterday of kidnapped magistrate Sig. Giovanni D'Urso, the Italian Government searching for a formula to try to reconcile its coalition partners' differences and win a vote of confidence on its handling of the five-week affair.

The Red Brigades terrorists kept their word—a shivering, exhausted and dishevelled Sig. D'Urso was found tied to the back seat of a stolen Fiat 127 shortly before 8 am.

An anonymous telephone call sent journalists and police to the Via Portico D'Ottavia, close to the Ministry of justice, where the magistrate had been in charge of the prison movements of terrorists.

After a successful medical check-up, he was interviewed for four hours by the Deputy public Prosecutor of Rome, before being allowed home.

Earlier he was briefly reunited with his family, who had endured 18 hours of tension following the Brigades' communique on Wednesday afternoon announcing his impending release.

In the relatively happy aftermath both sides of the political argument can claim to have won: those who favoured concession, and those who insisted on no concessions.

But the Red Brigades can with some justification claim a victory, even though their full demands were not met.

To the Asinara jail closure they can add the inroads they made on the cohesion of the Italian body politic, the attention they received in the media, the poor prison security revealed by their actions, the fact that they released the magistrate at their own discretion, and the fact that they have not been caught.

Yesterday, coalition party leaders agreed to a draft motion of confidence which apparently would assuage the misgivings of the Republican Party Coalition members as well as the Socialist Party.

The Republicans were annoyed by Sig. Forlani's speech in the terrorism debate on Wednesday, in which he complimented both those newspapers which had steadfastly refused to meet the Red Brigades' demands to print their communiques, and those which had complied with them.

The latter included Avanti, the official party newspaper of the Socialist Party, also members of the four-party ruling coalition, who had pressed for a conciliatory line on the grounds that it would save Sig. D'Urso's life.

It is not certain how much the interrogation of the magistrate revealed which they did not already know, but it cannot improve the morale of those officials dealing with terrorism.

The Red Brigades have demonstrated that they are still a force to be reckoned with despite the large scale arrests of left wing terrorists last year, even if their ideology remains obscure and their objectives command little support. They have said on Wednesday that they will continue their fight until al prisons are closed and "proletarian prisoners" released.

Turmoil as W. Berlin mayor resigns

By Our Bonn Correspondent

HERR DIETRICH STOBBE, the governing mayor of West Berlin, last night resigned, plunging the city-state into one of its worst domestic political crises. Herr Stobbe said the whole of his Government (Senate) would resign with him.

The move followed surprise rejection by the Berlin Parliament of four new senators nominated by Herr Stobbe in a bid to bolster his weakening Government.

The rejection, however, was clearly the result of a large scale defection from the Government ranks of dissident Free Democrat representatives —a development that is sure to cause severe friction between the Social Democrat and Free Democrat partners in Bonn's ruling coalition.

The move was precipitated by the defection of several Free Democrat (FDP) politicians to the opposition and is sure to irritate the somewhat fragile relations between the ruling Social Democrat (SPD) and FDP partners in the Bonn Government.

Herr Dietrich Stobbe, the governing mayor of West Berlin, had been forced to reshuffle his Cabinet following the resignation of several senators, some of whom had been enmeshed in a DM 128m (£29m) building scandal. Far from strengthening his position, however, the attempted reshuffle has collapsed and the future of the Berlin Government is in doubt.

As the SPD and FDP have between them 72 representatives in the Berlin Senate against only 63 for the Christian Democrat opposition, there were clearly many defections—most from the FDP.

Ertl backs Bonn plan for cutting surplus farm output

BY ROGER BOYES IN BONN

HERR JOSEF ERTL, the West German Agricultural Minister, is backing Bonn's plan for cutting surplus farm production and has warned the country's farmers that they must be prepared for sacrifice.

Herr Ertl yesterday outlined the adjustments to European Common Agriculture Policy (CAP) that Bonn says are essential — a cautious price policy, a larger contribution from the producers for financing food surpluses, less reliance on support buying, intervention, and the removal of certain premiums and subsidies.

Chancellor Helmut Schmidt had already indicated in a Government declaration last month that this was to be the Bonn line—but it had remained unclear how far Herr Ertl, a stubborn defender of German farmers' rights, would press these views at European council meetings.

Herr Josef Ertl ... full support

Herr Ertl has come under considerable presure from both the Social Democratic Party (SPD) the major coalition partner, and his own party colleagues in the Free Democratic Party (FDP).

There appears to be a broad degree of consensus in the coalition over the need for changes in the CAP, though not necessarily on the methods to bring these about.

Herr Ertl seems ready to toe the line by explicitly detailing the Government's policy and therefore tacitly identifying closely with it. If nothing else, this should quell rumours that Herr Ertl is considering stepping down as Agriculture Minister.

Herr Ertl, however, was careful not to reject the CAP out of hand. Surpluses, he said, could perform vital strategic tasks—such as food aid to Poland—and were an important component in development aid to the Third World.

The Minister said that a cautious policy on pricing was not only a necessity but also a reality. Over the last three years, he said, guaranteed prices had risen by only an average of 6.4 per cent in DM terms.

But Herr Ertl did not commit himself to future price increases, which EEC Commission officials have suggested should be no more than 5 to 6 per cent by the end of March. This may be too low for Herr Ertl, despite his warning that farmers would have to tighten their belts.

Pope warns Russia against intervention

BY RUPERT CORNW... ROME

POPE JOHN PAUL II yesterday warned the Russians not to intervene in his native Poland and appealed to both the Warsaw Government and the independent unions to behave with restraint and moderation to avoid disaster.

Speaking at a public audience for Mr. Lech Walesa, the leader of the Solidarity movement currently visiting Italy, the Pontiff praised the "maturity" of both the Polish state and the new union movement in trying to find a solution to their differences "without violence and without arrogance."

The Pope again underlined his insistence on human rights. The formation of free trade unions was a fundamental human right and Poland, as much or more than any other country, had the right to progress, given the agonies of the country's history, especially in the war.

In a remark addressed to Moscow, John Paul II declared that the upheavals of last autumn "neither were nor are" directed against anyone, but were in the interests of peace and international order.

Any doubts about the primarily religious nature of Mr. Walesa's visit to Italy were dispelled by the emotion of the first encounter between the two most famous, and certainly most influential, Poles alive today.

Punctually at 11 a.m. John Paul II opened the doors of his private library and made towards the leader of Solidarity, as if to embrace him. But Mr. Walesa dropped to his knees, as a pilgrim who has finally attained the object of his voyage, before the Pope lifted him to his feet.

The topics raised in public by John Paul II may be assumed to have been dealt with more thoroughly and explicitly in a 25-minute private conversation, held earlier between the two men. The Pope will have emphasised the church's stance of broadly backing Solidarity, while working to prevent any, possibly fatal, collision between the state and the independent unions.

The Pope receives Mr. Lech Walesa

Solidarity heads for clash

BY LESLIE COLITT IN WARSAW

MILITANT supporters of Poland's Solidarity movement appear to be heading for a clash with the Polish Communist Party as two major strikes threaten Poland in the absence of Mr. Lech Walesa, head of Solidarity.

Workers at Poland's main aircraft plant at Mielec plan an open-ended strike from today, while public transport in Warsaw is scheduled to grind to a halt for four hours.

The strike at the Mielec factory would be the first walk-out called in support of the farmer's union, Rural Solidarity, which the Government refuses to legalise.

The Solidarity union at the factory says the strike would also be in protest against the Government's failure to transfer the old union's property to Solidarity.

The Mielec plant in addition to producing light aircraft and helicopters also makes parts of the Soviet Airbus, the IL-86.

The announced strike of transport workers today in Warsaw would be a show of force in the Government's own front yard over the issue of the five-day, 40-hour working week.

Crises face Portugal's farmers

BY DIANA SMITH IN LISBON

PORTUGAL'S agriculture, which supplies less than half the food requirements of its 9m population, is facing a crisis after months of drought and one of the most severe winters on record.

The new government headed by Sr. Francisco Pinto Balsemao, prediciting heavy losses from frost and drought, has opened two special cheap credit lines on which farmers may draw to help compensate.

The Agriculture Ministry has also declared a moratorium on debts incurred by farmers to pay for seed. Providentially, a new crop insurance system operated by a pool of 17 insurance companies with financial backing of the state, was brought in last year and gives frost coverage—but the compensation to be paid out this year could put severe strains on insurers' resources.

Rising costs put pressure on Soviet oil output

By David Satter in Moscow

SOVIET OIL output plans are under pressure because of infrastructure and equipment costs, which are increasing almost ten times as rapidly as the projected rate of production.

Mr. Alexander Krylov, a member of the Soviet Academy of Sciences, said recently that the cost of producing a tonne of crude oil in the Soviet union increases by 20 per cent every three years, and the cost of equipment by 33 per cent every five years.

Mr. Krylov attributed the rising production costs, which come as Soviet oil output this year is scheduled to increase by only two-thirds of one per cent, to the need to drill deeper wells and develop oil resources located in remote and freezing areas of Siberia.

Monory to chair IMF committee

BY DAVID BUCHAN IN WASHINGTON

THE INTERNATIONAL Monetary Fund has unanimously selected Mr. Rene Monory, the French Minister of the Economy, as the new chairman of its Supervisory interim committee, it announced yesterday.

M. Monory will chair his first meeting of the key committee when it meets in mid1May in the African country of Gabon to carry out its regular review of fund lending and adjustment policies and the IMF's latest prognosis on the world economic outlook.

The interim committee has 22 members, but the directly or indirectly represent all the IMF's 140 od dmember governments. The committee acts as a supervisory board of broad policy moves by the international institution when it meets twice a year.

M. Monory replaces Sig. Filippo Pandolfi, the former Italian Treasury Minister who was in the process of losing his Government job at the time of last September's meeting in Washington and was thus prevented from attending.

The chair of the September meeting was temporarily taken by Herr Hannes Androsch of Austria, whow uold have stood a good chance of becoming the regular chairman had he not been forced to resign last month as Vice-Chancellor and Finance Minister in the Kreisky Government because of allegations of a conflict of interest.

M. MONORY ... self-made man

By custom the chairman of the interim committee is a Minister currently serving in a government. Among those who have lost the committee chairmanship along with their government jobs was Mr. Denis Healey when the Labour Government lost the 1979 British election.

M. Monory has served as Economy Minister since 1978. As it happens, elections are due in France just before the next IMF committee meeting in Gabon.

Gazelle, Lynx and the original

Robert Mauthner in Paris adds: M. Monory, 57, is one of the most colourful and outspoken members of M. Raymond Barre's Government. Unlike most of the previous incumbents of the grandiose premises in the Rue de Rivoli, M. Monory is a self-made man who has not passed through ENA, the prestigious National School of Administration, or any of the other "grandes ecoles."

Having left school at the age of 16 to work as a mechanic in his father's garage at Loudun in the Vienne Department, René Monory quickly converted the family business into a flourishing concern selling cars, agricultural tractors and fuel. He eventually became Mayor of his town and was elected to the Senate, the French Upper House, in 1968, before being appointed Minister of Industry and Commerce in M Barre's second Cabinet in 1977 and Economics Minister a year later.

M. Monory is expected to adopt a particularly favourable attitude towards the developing countries. At the last two annual meetings of the IMF, the French Minister advocated that the developing countries should be granted more favourable conditions for Special Drawing Rights distributed by the Fund.

France enlists the artichoke in the battle to save oil

BY TERRY DODSWORTH IN PARIS

"PUT A topinambour in your tank," ran a headline in a French newspaper this week, neatly summing up the country's plan to replace OPEC oil with "green energy" of its own making.

The topinambour, or Jerusalem artichoke, has suddenly become the symbol of the country's non-nuclear response to the energy crisis. Capable of yielding high quantities of alcohol, yet adaptable to marginal lands, it is the sort of product ecologists dream about, a source of benign, renewable, job-creating energy. It now, unquestionably, has a future in France's energy plans, alongside such other sources of alcohol fuel as sugar beet, maize, lucerne, alfalfa, and even straw and forest undergrowth.

The French Government this week fixed on these plants and set a date for their practical use as energy sources.

France has limited coal resources and declining natural gas deposits. In order to diversify fuel sources and increase the share of home-produced energy, it has placed the emphasis on nuclear power, based on uranium from its large indigenous deposits, Francophone Africa and Commonwealth countries; on a search for new forms of power such as solar energy, in healthy supply in the South of France; and on "biomass industries"—the use of vegetables and vegetable wastes—to be directed mainly towards petrol substitutes known as "carburols."

Under the new carburol plan, the production of alcohol substitutes for petrol, both from fossil fuels and vegetable matter, would be built up steadily during the next 10 years. The aim is to provide between 25 and 50 per cent of the country's requirements for vehicle fuel by 1990. In the next four years, development is expected to be slow, with only about 1.5m tonnes of carburol mixed into the traditional petrol supplies, now running at the rate of about 17m tonnes a year. After that, the hope is to expand much more quickly.

M. Giraud: directing the carburol programme

These policies will require great changes in both petrol distribution and the motor industry. In the first stages of the plan, the carburol will be mixed with four-star petrol up to a 10 per cent ceiling and existing distribution channels and engines will not need to be adapted. But as the carburol level is pushed up to 50 per cent, a separate fuel sales network may need to be introduced, and engines will certainly need to be altered.

The use of biomass products has often been challenged by sceptics, doubtful both about the technology and the economics that will govern their conversion. But planners no less than ecological dreamers have been fascinated by their potential because of France's comparatively large land mass, its enormous forests and its agricultural surpluses. As the Ministry of Agriculture pointed out this week, up to 20 per cent of French agriculture used to be devoted to a living form of energy during the era of the horse. So why not return to the principle in a different form?

The new Government plan envisages the reconversion of some or all of the land formerly devoted to horse power. According to figures given by M. Andre Giraud, the Industry Minister, about 1.5m to 2m hectares out of France's 30m hectares now under cultivation would be required to produce 25 per cent of the country's needs in vehicle fuels. Depending on the success of the programme, along with other claims on land use, more land would be taken up to reach the goal and maximum of 50 per cent.

Whether these objectives can be achieved, however, depends on new and largely unproved technology. While carburols are easy enough to produce,—indeed, France manufactures large quantities of vegetable-based alcohol already—they are much more expensive to make from vegetable matter than conventionally refined petrol. As the Government made clear this week, the similar carburol projects now under way in Brazil and the U.S. are unsuitable for France because of the high energy costs involved in the distillation processes used to produce ethanol.

Without cheap energy resources, France reckons that Ethanol would cost about two to three times as much as petrol and the French have for the time being eliminated this approach. Instead, they are putting their short-term money on methanol-based fuels; in the longer term, they are gambling on a process known as "acetonobutylique," developed by the National Oil Industry Research Centre (IFP).

Methanol can already be made at competitive prices, the Industry Minister says. It also mixes easily with conventional petrol up to a 10 per cent ceiling. But it will not, for the moment, be produced from biomass. Although wood might be used for some of the raw material, the French methanol is more likely to come from coal, gas (probably imported) and heavy oil wastes.

In the longer term, the real success of the French project will depend on the acetonobutylique process, exclusively based on vegetable raw materials. This technique, depending on enzyme converters and fermentation processes, has been known since Louis Pasteur. Recent discoveries by the IFP have shown that it can produce a carburol which mixes satisfactorily with petrol. The fuel is also relatively cheap to produce in energy terms. But a great deal of work still remains to be done before it will be commercially viable.

The French are sufficiently confident to be pressing ahead fast from the present base. Under the direction of M. Giraud, the man mainly credited with getting the present nuclear power programme under way, inter-ministerial resources are being marshalled in a rare example of administrative co-operation. Some FFr 100m (£9.8m) of public money will be involved this year, and there will be more to come.

The experiment could end up, of course, in that expensive technological no-man's land populated by such glorious failures as the Concorde or the Maginot Line. If the gamble succeeds, on the other hand, the French will be in a much stronger bargaining position with their oil suppliers in 10 years' time.

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PUBLIC NOTICES

BOROUGH OF LUTON
£700,000 Bills issued 14.1.81 to mature 15.4.81 at a rate of 13⅛%. Total applications were £3,500,000 and there are £700,000 Bills outstanding.

BOURNEMOUTH CORPORATION BILLS
£1,000,000 Bills issued 14th January 1981 at 13% to mature 15th April 1981. Applications £5,000,000. Outstanding £1,000,000.

BRIGHTON BOROUGH COUNCIL
£1.3m Bills issued 14th January 1981 due 15th April 1981, at 13%. Total applications £5.5m. No other Bills outstanding.

DERBY CITY COUNCIL BILLS
£1,200,000 due 15th April, 1981 issued 14th January, 1981 at a rate of 13% per annum. Applications totalled £3,600,000. These are the only Bills outstanding.

EDINBURGH CORPORATION BILLS
£1,500,000 Bills issued 13th January 1981 at 13% to mature 15th April 1981. Applications £10,500,000. Outstanding £5,000,000.

HERTFORDSHIRE COUNTY COUNCIL BILLS
£3m issued 14.1.81 due 15.4.81 issued at 13%. Applications totalled £15m. Total outstanding £17m.

LANCASHIRE COUNTY COUNCIL BILLS
£3,000,000 Bills issued 14th January 1981 at 13% to mature 15th April 1981. Total applications were £34.5m. There are now £15m outstanding.

ROCHDALE METROPOLITAN BOROUGH COUNCIL BILLS
£3,600,000 Bills issued 14.1.81 maturing 15.4.81 at 13%. Applications totalled £23,200,000. These are the only Bills outstanding.

STOKE-ON-TRENT COUNCIL
Bills issued on 14th January 1981 due 15th April 1981 at a rate of 13%. Applications totalled £3,630,000.00. Total outstanding £650,000.00.

WOLVERHAMPTON CORPORATION BILLS
£7,500,000 Bills issued 14th January 1981 at 13% to mature 15th April 1981. Applications £39,500,000. None outstanding.

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Khomeini in talks to meet hostage deadline

BY TERRY POVEY IN TEHRAN

IRAN'S Prime Minister yesterday visited Ayatollah Khomeini in what is seen as a last-minute attempt to resolve the hostage crisis before President Jimmy Carter's term of office ends on January 20.

Yesterday's meeting between the Ayatollah, Mr. Mohammed Ali Rajai and Mr. Behzad Nahari, effective head of Iran's negotiating team, follows the emergence of minor last-minute hitches in the proposed settlement.

It now seems that only Ayatollah Khomeini has the authority to over-ride the difficulties and resolve this issue before next Monday, the deadline set by President Carter.

Heads of Western diplomatic missions in Tehran also met Mr. Ahmad Azizi, a senior member of Iran's hostage negotiating team, to urge a speedy settlement of the 14-months-old crisis.

It now seems that Iran's latest proposals were sent to the U.S. via Algerian intermediaries late on Wednesday.

Mr. Azizi told the diplomats that he was optimistic about an early settlement, but blamed the U.S. for procrastinating in the negotiations on details of the settlement.

"The U.S. said that they agreed in principle to our conditions but when it came to the details they acted differently," he said. Among the specific problems he mentioned were the failure of the U.S. to give a guarantee of non-intervention in the form sought by Iran and difficulties with U.S. banks.

In Iran's statement of the conditions, published in December, it had asked the U.S. to guarantee non-intervention in its domestic affairs "from now on." According to Mr. Azizi, the U.S. has failed to add this phrase to its draft declaration.

While Mr. Azizi did not elaborate on the problems with the American banks, they are thought to concern the unravelling of loan agreements and arrangements about assets in the wake of any release. Some $2bn expected by Iran shortly after the release of the hostages is dependent on agreements with these banks.

Diplomats leaving the meeting were not sure whether they were being told why Iran will not be able to settle before the deadline or whether the issues brought up by Mr. Azizi were insufficiently important to block an agreement.

It is considered likely that the U.S. will continue negotiating after today if there seems any hope of a settlement over the week-end.

General strike threat over El Al sackings

BY DAVID LENNON IN TEL AVIV

ISRAEL was faced last night with the threat of a general strike throughout the economy in protest over the summary dismissal of members of a staff committee at El Al, the nation's troubled airline.

El Al was grounded yesterday by staff who went on strike in sympathy. At the same time, the El Al board of directors were considering closing down the airline because of continuing problems with the unions, who are unhappy about planned cuts in staff.

The country's 13 largest staff committees yesterday said that they would call a general strike unless El Al cancelled dismissal notices issued to the airline maintenance workers' committee because of the walk-out strike staged on Tuesday.

The Secretary-General of the Histadrut labour federation, Mr. Yerucham Meshel, said yesterday that it would not accept the summary dismissal of a works committee. Even if the strikers had acted irresponsibly, Mr. Meshel said, this should be examined within the mechanism provided in labour agreements. If the workers were not reinstated, serious action would be unavoidable, he said.

The Government called a special meeting last night of the inner economic cabinet to discuss the El Al crisis and other economic problems.

Mr. Bremridge

Swire man tipped for HK post

By Kevin Rafferty in Hong Kong

HONG KONG seems likely to break with tradition and appoint a senior businessman from the private sector to the key Government post of Financial Secretary. Mr. John Bremridge, who retired as head of the John Swire group in Hong Kong at the end of last year, is being strongly tipped to take over the post in the summer.

The move will accompany a comprehensive reshuffle in Hong Kong's top management under Sir Murray MacLehose, the Governor. Sir Philip Haddon-Cave, the present Financial Secretary, is expected to become Chief Secretary.

Sir Jack Cater, who is now Chief Secretary, is scheduled to go to London as Hong Kong's Commissioner, with a more political brief than the present Commissioner. Hong Kong feels that London does not always properly appreciate its problems or defend its interests in international negotiations.

The appointment of a private sector businessman may be seen as a re-affirmation of the colony's faith in private enterprise. But it also reflects the weakness of the civil service machine.

If he is appointed, Mr. Bremridge may be surprised by the high level of red tape he has to deal with.

"It will be interesting to see him deal with bureaucracy," said a former colleague, "to hear him say 'Look, fix this' and be told 'Sir, there is a form A under Article 123 to be filled in first and form B under Article 789,' and to see how he deals with the Government paper."

Indonesia spends $1bn buying gold

BY RICHARD COWPER IN JAKARTA AND DAVID MARSH IN LONDON

INDONESIA has bought around 1.8m ounces of gold on the world market in the last 11 months, one of the largest annual sums ever spent on foreign purchases of gold by any central bank.

At current prices Indonesia's purchases from February to December last year are worth over $1bn (£418m) though, because of the fall in the gold price in the last few months, the Government is likely to have paid up to $50m more than this.

The purchases provide the first solid evidence of a member of the Organisation of Petroleum Exporting Countries investing a high proportion of its oil revenues in gold.

Indonesia, which until February last year held a mere 280,000 ounces of gold in its reserves (under 4 per cent of official international gold reserves), held around 2.1m ounces at the end of December, according to a senior Bank of Indonesia official. At current market prices, gold now accounts for around 17 per cent of Indonesia's official international reserves, currently estimated at $7bn.

Official reserve figures do not include foreign exchange holdings by the State banks, and are calculated on a gold price significantly below the current market price. If these two factors are taken into account, the net foreign assets of the State banking system are nearer $11bn, only 10 per cent of which is accounted for by gold. The reserves have grown by $3bn in a year.

According to the bank official, the purchases are part of a long-term diversification policy. Until the beginning of last year, most of Indonesia's reserves were held in dollars. The purchases also reflect a substantial improvement in Indonesia's external economic position, largely caused by oil price rises.

Indonesia is the largest exporter of oil and liquefied natural gas east of the Gulf.

The bank of Indonesia is not expected to return to the gold market in a big way in the first quarter this year though some purchases are expected in the second quarter. The bank says it does not have a fixed gold/total reserve ratio in mind.

"It is part of a long-term policy to diversify, though of course we will continue to maintain a large part of our reserves in U.S. dollars, our main trading currency," a Government official said. "We can now afford to buy gold in a way we could never have done before, but just how much more depends on oil prices, reserves and the general performance of the economy."

Last year's purchases are all understood to have been made in London. The larger part of Indonesia's gold is believed to be held inside Indonesia, with the rest distributed between London, Zurich and New York. Union Bank of Switzerland, Dresdner, Samuel Montagu, the Bank of England and the Bank for International Settlements are all believed to have acted on the Bank of Indonesia's behalf.

THE KANO RIOTS

Religious extremism troubles Lagos

BY A SPECIAL CORRESPONDENT

OVER 1,000 people, including policemen and soldiers, were killed in the ancient Moslem city of Kano in the north of Nigeria in riots which began on December 18 and ended 11 days later after the President Alhaji *Shehu Shagari, had sent in the* armed forces. There were many fires and great damage to property and thousands were made homeless. The city is now reported to be quiet and a judicial inquiry is examining the causes and the course of the disturbances.

The Kano riots were the most serious outbreak of violence in Nigeria since the end of the civil war in 1970. They were the result of clashes between a fundamentalist Moslem sect in the city and other Moslems, who were apparently incensed by the sect's continuous abuse of Kano's materialism and contempt for conventional religious ritual. There had been disorder in Kano for some months and it is alleged that the sect intended to seize the city's central mosque.

Kano State, with some 10m people, is the most populous of Nigeria's 19 states. Its overflowing capital has long been the commercial centre for a wide area.

At the city's heart, where the worst disturbances occurred, is a labyrinth of old mud buildings and narrow lanes. The people are Moslem and Hausa-speaking and they are headed by an Emir, now largely a ceremonial figure. The city attracts people from the countryside and from Nigeria's Moslem neighbours.

It is believed by many in Nigeria that most members of the dissident sect, including its leader, Muhammadu Marwa, who is now reported to have been killed in a fight with the police, were from neighbouring Niger, Cameroon, Chad, or even Guinea. There has been speculation that the sect was connected with the Palestinians or the group which seized the Grand Mosque in Mecca in 1979 — and even that it was sponsored by the Israeli intelligence service. Suspicion has also fallen on the Libyans, and diplomats of the new "People's Bureau" were expelled.

What is clear is that the sect's followers were more numerous than was suspected. The sect also proved, when fighting actually broke out, to have been well-supplied with weapons, although relying largely, as did the small groups who tried to come to their aid from other northern states of Nigeria, on bows and arrows. There has been criticism of the Nigerian intelligence services and a suggestion that the dismantling of traditional Emirate authority in favour of European-type elected local Government in the Emirates deprives the state and federal Government of an experienced "early warning system."

Politics complicates the Kano problem. The People's Redemption Party, which is opposed to the President's National Party of Nigeria controls the state. But the PRP itself is now deeply split with one faction accusing the local Governor of having acted too slowly against the rioters.

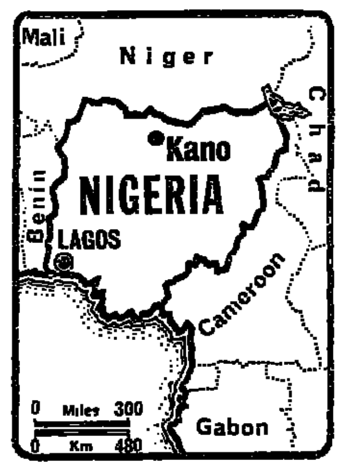
The riots have increased demands for the kind of rigid immigration controls on African foreigners that already exist for other foreigners. The treaty founding the Economic Community of West African States (ECOWAS), of which Nigeria is a leading member, allows for almost free movement by citizens of member states, a provision already criticised in Nigeria on the ground that it would mean an influx of job-seekers into a country plagued by unemployment. The relaxed atmosphere which was beginning to be apparent after 15 months of democratic civilian rule is also likely to be affected.

Nigeria to spend £63bn

NIGERIA WILL spend over N82bn (£63bn) under its fourth four-year development plan, an outline of which has been delivered to Parliament in Lagos by President Shehu Shegari, our foreign staff write. The plan, which will run from 1981 to 1985, aims at self sufficiency in food.

Total expenditure provided for is some N82bn of which more than 80 per cent will come from local resources, mainly revenues from inreased oil prices. Nigeria's current production of crude oil is expected to rise from *some 2.15m barrels a day* currently to 2.37m b/d in 1985.

Agriculture will take some 13 per cent of total expenditure or more than £6.7bn, while important sums are to go to the expansion of industry in an effort to diversify away from dependence on oil. Some £1.8bn will be spent on expanding Nigeria's power supplies



French fleet 'placed on alert'

TOULON—The French Mediterranean Fleet has been placed on alert and is ready to sail as early as today, naval officers said yesterday.

Officers serving with the fleet said all leave had been cancelled and warships were taking aboard a full load of ammunition and supplies.

In Paris, a Defence Ministry spokesman declined comment on the officers' statements.

Some French newspapers linked the reported naval preparations with increased tension between France and Libya over the proposed merger of the north African state with Chad.

France sent marines to the Central African Republic at the weekend in a show of force to reassure African countries anxious over the presence of Libyan forces in Chad.

Units of the fleet patrolled just outside Libya's territorial waters a year ago during an earlier period of tension between Paris and Tripoli over alleged Libyan attempts to topple the Tunisian Government.

A naval reconnaissance aircraft was intercepted and fired on at that time by Libyan fighters off the Libyan coast, but it escaped unscathed.

Officers in Toulon said the aircraft carrier Clemenceau was due to put in for repairs when the alert order went out yesterday and that its aircraft were being taken aboard from shore bases.

The Mediterranean fleet includes the anti-aircraft cruiser Colbert, two missile-launching frigates, a dozen destroyers and an unspecified number of support vessels

In Lomé, the Organisation of African Unity (OAU) has for the first time condemned Libya by name for its intervention in Chad and denounced a proposed merger of the two countries.

After a one-day OAU summit held in the Togolese capital yesterday, African leaders called on Libya to withdraw its troops immediately from Chad.

A nine-point communique, issued last night, said Libya's proposed merger with Chad "violates the letter and spirit of the Lagos accord," a 1979 agreement which set up a transitional Chad Government

Reuter

Why $400m may not resurrect Chrysler

BY IAN HARGREAVES IN NEW YORK

● Mr. Iacocca: back on the track

CHRYSLER has been rescued again. That, by careful intention, is the impression created by Wednesday night's announcement that the company could receive, on certain conditions, a further $400m of Government-guaranteed loans.

"We're back on the track," a beaming Mr. Lee Iacocca, Chrysler's chairman, said. "It's a super deal."

But the impression may be a false one. Viewed from a *different angle, what was agreed* on Wednesday by the company's leading banks and its trade union, was stage one of the bankruptcy of Chrysler, without recourse to the bankruptcy *courts*.

Even assuming that the details of the deal are now ratified by an adequate number of the bankers, workers and suppliers involved in the conditions attached to the loan guarantees, Chrysler is not emerging primed for victory over the immense problems facing the U.S. motor industry. It is staggering out for what looks like the final round.

The conditions imposed may be summarised:

● *Lenders (mainly banks) wipe* out $1,068bn of debt in return for $156m in cash and $500m of probably worthless preferred stock in the company.

● Workers accept a wage freeze from March until September 1982, a concession worth $783m to Chrysler.

● Suppliers agree to delay bills or reduce prices to save Chrysler $72m.

● Chrysler starts to look hard for a merger partner or someone else in the private sector as a source of capital.

Mr. Iacocca's optimism springs from the idea that with $1bn *of debt wiped off its balance* sheet, and a new infusion of cash, Chrysler can weather the storm of a depressed U.S. car market and *hang* on until a better climate arrives, when the company *will start to make* money and no longer need Government help.

Technically at least, the Loan Guarantee Board, comprising Mr. William Miller, the Treasury Secretary, Mr. Paul Volcker, chairman of the Federal Reserve and Mr. Elmer Staats, Comptroller, must share this view as they are prepared to certify that with the new deal, Chrysler is viable as a "going concern," up and beyond December, 1983.

There are several reasons to question this optimism. First, as Mr. Iacocca has himself *admitted this week, of the* $400m of new Government-backed money will be paid out immediately in old debts to suppliers, who have held off pressing for payment since *Chrysler ran into a cash crisis* in December.

Second Chrysler has not wiped out $1bn o debt. It has substituted for the money it owed to banks and others $1.2bn of Government-guaranteed loans, on which it is by law required to pay interest and which it is required to repay by 1983.

Third, the company still has some $800m of further debt, made up *of Japanese* letters of credit, loans from Canadian banks, a loan from Peugeot of France, loans from State Governments and elsewhere, and $300m of public debentures.

Chrysler's profit outlook is also discouraging. It lost almost $1.8bn last year—the exact figures will be released in early February—and is still losing *money. Although* its new K-car has done better than its old cars, the company has not significantly increased its market share.

Even if Chrysler could raise *enough cash this year to pay* its overheads, including interest, which is most unlikely, it will not be able to provide the huge sums still needed for modernising its other plants. And it will certainly not be able to borrow, other than from the Government.

This is why the banks have so far gone along with the agreement struck on Wednesday and are expected to stick with it. So far as they are concerned, Chrysler is bankrupt, but the Government, for various reasons, does not want the bankruptcy to go through the courts, so they are taking a bankruptcy-type settlement, which works out at just under 15 cents on the dollar. Under the circumstances, most of the banks think that this is not a bad deal.

The fact that Chrysler is jammed firmly on the rocks is recognised implicitly by the condition calling for a merger.

Only another motor company, probably foreign, perhaps Mitsubishi or Peugeot, with an overwhelming desire to take over Chrysler's dealerships and a few of its plants in order to gain quick entry into the market, could conceivably be willing to supply funds to Chrysler. If a partner is not found, the Reagan Administration will have two choices: give Chrysler more money or put it into formal bankruptcy and let the saleable assets be sold. There are no more concessions to be had from others.

THE U.S. BUDGET

Carter provides framework for Reagan's Administration

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE FIRST thing to bear in mind about the Carter Administration's last budget is that it is far from set in concrete. Within a few months, some of its most important numbers and, in consequence, some of the economic assumptions underlying it will be altered by the new Reagan Government and by Congress.

The second important point is that, in the past two years, Carter budgets have not proved to be the epitome of accuracy. Last year's had to be revised only six weeks after it was unveiled and the fiscal year 1981, which began last October, already looks very different from even the March recalculations.

But the third, and contrary, point, which is easily forgotten, is that it takes time for new *administrations to get a proper* handle on the financial tentacles of government. Thus, in the first year, the last Carter budget constitutes the framework for Mr. Reagan's new team.

SHORT-RANGE ECONOMIC FORECAST

	GNP					INCOME		PRICES		UNEMPLOYMENT		INTEREST RATE
	(current $bn)		(1972 $bn)			(current $bn)		(% change, 4th ¼ to 4th ¼)		(%)		
(Calendar years)	Amount	% change, 4th ¼ on 4th ¼	Amount	% change, 4th ¼ on 4th ¼	Personal	Wages and Salaries	Corporate Profits	GNP Deflator	CPI	Total (4th ¼)	Total (annual average)	91-day Treasury Bills (%)
Actual												
1979	2,414	9.9	1,483	1.7	1,944	1,236	255	8.1	12.8	5.9	5.8	10.0
Forecast												
1980	2,627	9.6	1,481	−0.3	2,160	1,344	241	10.0	12.8	7.5*	7.2*	11.5*
1981	2,928	12.3	1,493	1.7	2,420	1,486	233	10.4	12.6	7.7	7.8	13.5
1982	3,312	12.6	1,545	3.5	2,700	1,656	269	8.8	9.6	7.4	7.5	11.0

* Actual

Source: U S Government

Aware of this, some of Mr. Reagan's advisers have already begun backing away from earlier blithe predictions that the existing year's budget could be cut by a good 2 per cent and that further surgery could be performed with equal facility *on that for fiscal* 1982.

Certainly, in this fiscal 1982 budget, the outgoing Administration does not appear to have left its successors much room to manoeuvre, especially if it keeps its promise to add as much as $20-25bn more to defence spending.

The budget projects a deficit of $27.5bn (£11.5bn) on outlays of $739.3bn and income of *$711.8bn. This compares with* an estimated deficit for the current year of $55.2bn, though this estimate may be appreciably on the low side.

Adjusted for inflation, these represent real increases in spending of about 1 per cent for both the current and next fiscal years. But, given planned increases on the military side, it means that non-defence spending is estimated to decline, in real terms, by 0.9 per cent in *the present year and by 0.2 per* cent in fiscal 1982.

The Carter budget contains a watered down version (through the postponement until next year of individual income tax cuts) of the President's mini-stimulus programme put forward last August and, on the revenue side, his proposed petrol tax.

The Reagan Administration is committed, if not irrevocably, to more dramatic tax cutting, *which could affect revenues*, while Congress has already shown it has no interest in the oil tax. However, if Mr. Reagan immediately takes price controls off domestic oil, rather than waiting until September when Mr. Carter's phased programme is complete, oil company revenues, and therefore the Government's tax take from them, could go up.

The budget projections do underline a particularly difficult problem—estimating the impact of tight monetary policy and high interest rates. About $9bn (nearly 20 per cent) of the increase in spending over the last 12 months is attributable to the interest rate factor, most of it felt since last July.

The budget assumes that 91-day Treasury bills will average 13.5 per cent in the current calendar year, 2 per cent more than in 1980. Mr. Charles Schultze, chairman of the Council of Economic Advisers, maintained that if the Reagan Administration engaged in tax cuts far greater than those in *the budget and more than any* spending cuts, this would obviously stimulate demand in the economy and, given an unchanged monetary policy, lead to even higher interest rates.

Organisation man is given trade post

BY OUR WASHINGTON CORRESPONDENT

PRESIDENT-ELECT Ronald Reagan yesterday filled his last Cabinet vacancy with the appointment of the Republican Party's organisational chief, Mr. Bill Brock, as Special Trade Representative. At the same time, Mr. Alexander Haig, the most controversial Reagan choice, comfortably cleared his first hurdle to becoming Secretary of State.

Mr. Haig's nomination was approved by 15 votes to two in the Senate Foreign Relations Committee. The two dissenting liberal Democrats—Senators Paul Tsongas and Paul Sarbanes—expressed reservations about *Mr. Haig's moral character*, stemming from his role in the Nixon White House during the Watergate years, but not about the ability of the former commander of the North Atlantic *Treaty Organisation.*

Mr. Brock is the second party leader to get the trade job in recent years. Mr. Robert Strauss, who used to head the Democratic Party organisation, was the other. This is a recognition of the political skills needed to juggle pressures from domestic trade lobbies and to woo Congress.

Broadcasting rules eased by federal watchdog

BY DAVID LASCELLES IN NEW YORK

RULES governing radio broadcasting in the U.S. are to be substantially eased following a vote by the Federal Communications Commission, the industry watchdog which hopes to release most of the communica*tions business from Government* regulation.

The latest vote will release radio stations from rules governing the maximum amount of advertising they may carry, and from minimum requirements on broadcasting public affairs and news programmes. Stations will be free to carry as much advertising as they want, though competition has already kept them well below the current 18 minute-per-hour maximum.

Radio stations will still have to discharge their public responsibilities by ascertaining audience needs and trying to meet them. However, public issue programmes will not necessarily have to be made locally, as had originally been proposed.

The commission voted for these changes out of the conviction that the broadcasting market-place is now so big that competition effectively regulates the industry.

Defence is favoured with 4% real rise

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT CARTER'S farewell budget message predictably singles out defence for favoured *treatment*—a real increase of more than 4 per cent in 1981-2 compared to a slight decline in civilian spending. For all that, President-elect Ronald Reagan is likely to view it, not as a ceiling, but as a floor to build on.

Mr. Carter has proposed a peacetime record of $200bn in total military spending authority, of which $5bn is for the nuclear weapon research part of the Energy Departments. Actual outlays—always a lower figure—are to be $184.4bn, a $22bn increase over spending in *the current fiscal year.*

The rise would look the greater, had not Mr. Carter also proposed a $6.3bn addition to this year's budget to cover some service pay and fuel cost increases.

There is a strong element of *political gamesmanship in fare*well budgets, in that the outgoing President can set a standard for his successor to live up to but which he himself does not have to achieve. Thus, President Ford's big 1976-7 defence budget proved a very useful Republican stick with which to beat Mr. Carter in the 1980 campaign.

But, large though the latest proposed defence increases are, Mr. Carter said in yesterday's budget speech, "there will be advocates of higher defence levels still." In a warning shot *to his successor, he said:* "After careful consideration, I do not believe that higher spending would significantly add to our national security."

Mr. Reagan may well rehash the defence blueprint the Democratic Administration *leaves behind. Indeed, he almost* certainly will in his own budget messages to Capitol Hill in the next few weeks. But he is unlikely drastically to re-order the defence priorities which Mr. Carter outlined yesterday and about which there is little partisan quarrel.

● Better service pay, with a further 9 per cent rise to take effect next October and special bonuses for submarine crews—Mr. Carter once served in one—and other specialists.

● Improved strategic nuclear weapons. Mr. Carter suggests $2.8bn *should be spent in* the next year for full-scale development of the mobile MX missile. His successor may slow this down, partly because of opposition in western states to the MX's deployment there, and use the funds to resurrect the B-1 bomber which Mr. Carter cancelled.

● Stronger European defence, with more money for radar aircraft for NATO: joint produc*tion with Europeans of F-16* aircraft and a standard tank gun; greater air and sea lift capacity to move U.S. troops to Europe; and more equipment stored for them to use there.

● The means to whisk U.S. troops to "trouble spots worldwide and then sustain their activities there." This, of course, means the Gulf and *Indian Ocean region*. Mr. Carter suggests continued development of a new wide-bodied, long range, CX cargo aircraft and money to buy more supply ships to add to the seven on station during 1980 from Diego Garcia.

● Modernising the navy. Mr. Carter leaves behind his administration's plan to build 85 ships from 1982-86 at a cost of $48bn.

● *Maintaining the capacity of* U.S. satellites to spy out foreign military developments (such as Gulf wars) and monitor any new or current arms control agreements.

Finally, Mr. Carter's budget message is notable for a parting reminder to the Europeans that they should follow the U.S. in making "every effort" to stick *to the NATO commitment* to increase defence spending by at least a real 3 per cent a year, even in the face of economic "difficulties."

Plea to lift foreign aid restrictions

By Our Washington Correspondent

ONE OF the more striking of President Carter's parting budget pleas is for Congress to remove the restriction it has imposed on foreign aid in the past two years, during which it has failed to approve increases in any regular aid bills.

The *sorry result*, as Mr. Carter notes, is that U.S. aid abroad is now running substantially below 1979 levels in real terms. To catch up, he has proposed a 14 per cent real increase in the current year's foreign aid to $6.7bn and to $7bn in 1981-82.

Equally unlikely to please those in the Reagan team and on Capitol Hill who believe the U.S. should get more direct recognition for what it gives the Third World is Mr. Carter's proposal to award a bigger increase to multilateral agencies, such as the World Bank, than to bi-lateral aid programmes.

Mr. Carter has also proposed raising so-called security assistance to *financially strapped* U.S. allies from $2.2bn this year to $2.4bn in 1981-82. The bulk of this would continue to go to Israel and Egypt, in support of U.S. peace efforts there, *but some would also go to* Turkey.

Proposals made to curb cost of index-linking

BY OUR U.S. EDITOR IN WASHINGTON

THE CARTER Administration, in its budget, has taken a final crack at an issue certain to be taken up by its successors. This is the soaring cost to the budget *of spending programmes which* are automatically adjusted for inflation.

The nub of the problem is that most Government benefit schemes are linked, for infla*tion purposes, to the consumer* price index. This, by near-common consent, gives undue weight to home ownership in its composition and thus, as in the past decade when house prices generally have risen consider*ably, overstates the real rate of* inflation, which is bad enough in any case.

Indexation was at first used only for civil service pensions and only really took hold in 1962. *By 1970, indexed spending* programmes accounted for a mere 3 per cent of total budgetary outlays.

However, in the early 1970s, inflation protection was provided for a host of activities, *most notably social security*. By 1975 a quarter of all outlays were tied up with index-linked programmes.

In 1980, that had risen to 29.9 per cent and will amount to *almost a third by 1986* at present rates and given the economic assumptions in the budget. Indexed programmes, costing $174bn last year, would rise to $344bn by 1986.

The Carter Administration *now proposes to adjust by using* another index compiled by the Bureau of Labour Statistics which is stripped of the housing component. This is known as Cp-xl.

Yesterday, Mr. Charles Schultze, chairman of the Council of Economic Advisers, estimated that if Cp-xl had been in use for the last three years, the spending side of the fiscal 1982 budget would be $13bn *less than estimated.*

The Administration also proposes, as it did without success last year, that civil service and military pensions be adjusted only once, rather than twice a year, as *should* programmes for child nutrition and food stamps.

Comfort for opposition in Canadian 'patriation' poll

BY VICTOR MACKIE IN OTTAWA

ABOUT TWO in three Canadian adults would prefer to have their constitution handed over intact by Britain so that any changes proposed can be approved in Canada.

Only 22 per cent in a Gallup Poll published yesterday supported the inclusion of a Bill of Rights before the British North America Act is returned to Canada; 14 per cent were un*decided.*

There is agreement across the country on this issue, with a high of 67 per cent in Ontario and a low of 61 per cent in Quebec supporting the return of an unchanged constitution.

Mr. Joe Clark, the Opposition leader, said the results showed that the public agreed with his demands to "patriate" the constitution without amendment. He accused the Government of ignoring Canadian public opinion on the issue. The Progressive Conservative Party leader repeated his demand that the constitution be amended in Canada.

Mr. Jean Chretien, the *Justice Minister, shrugged off* the poll, declaring that any proposed amendments approved by the British Parliament would have been endorsed first by Canadian MPs and Senators.

"We will vote here first and will see who is in favour of patriation. We will see who is in favour of a Charter of Rights," the Minister declared.

● Figures released by the federal Finance Department showed the Government's budgetary deficit widened by C$753m (£264m) in November, bringing the shortfall in the first eight months of the financial year which ends in March to C$8.7bn.

Middle East policy: unpleasant medicine, but it could grow sweeter

BY ROGER MATTHEWS

THE MOST unpleasant medicine which Mr. Ronald Reagan and his new Administration will sooner or later have to swallow is the closing of Middle Eastern policy options apparent in the past two years. In that time, Washington could do nothing to prevent the late Shah of Iran being toppled, failed to rescue the hostages held in Tehran, was powerless to prevent or resolve *the* Gulf war, could not persuade even such a small and, at heart, sympathetic country as Jordan to join in the Camp David peace moves and has been repeatedly snubbed by Israel which *it sustains economically* and militarily.

The reasons for these failures and the intricacies of politics in the region are likely to provide Mr. Reagan with the most lengthy and difficult education of his Presidency.

For a man who has not visited the area or met its leading figures, the task is immense. It will not be made easier by simple-minded preconceptions or a desire to impose on Arab states conditions that are seen as primarily Western self-interest. Mr. Reagan's objectives are unlikely to be much different from those of Mr. Carter: the essential difference is likely to be in method.

Mr. Reagan's desire to provide strong and decisive leadership will be welcomed in some Middle Eastern countries, especially Saudi Arabia and Egypt, which sometimes appreciated Mr. Carter's sincerity but were also bemused by his occasional naivety and more frequent vacillation. However, those countries most closely associated with the *United States are also afraid* that in seeking to redress this weakness in U.S. foreign policy, Mr Reagan could inflame a situation that is highly volatile even by Middle Eastern *standards.*

Mr. Reagan may be tempted to believe that the reverses the U.S. has suffered were solely the result of Mr. Carter's indecision and do not provide valuable lessons for future policy. Early indications suggest that Mr. Reagan equates America's loss of credibility in the Middle East with a decline in military potency. *Dr. Henry Kissinger,* whose relationship with the new Administration remains unclear, stressed repeatedly during his recent regional tour the need for new U.S. bases and "facilities." He also bitterly opposed European peace efforts.

The main purpose of such a U.S. build-up would be to combat the Soviet threat to the Middle East, to protect oil supplies and to shore up the moderate oil-producing states which may be threatened externally or by internal subversion.

While *any* Middle East policy must have a military component, there is deep anxiety in several Arab countries that this will become the principal plank of U.S. policy. This, they believe, *could make friendship with the* U.S. more difficult and would do nothing to resolve the real issues.

Arab leaders sympathetic to the U.S. were deeply impressed *by the overthrow of the Shah* and the strength that Islamic militancy has gathered. They have been equally impressed by statements from U.S. generals that it would take several years and massive military expenditure before a U.S. intervention force could match the sort of operation mounted by the Soviet Union in Afghanistan. *Yet, they point out, the U.S* still imposes severe constraints on the type of weaponry that it will make available to Arab countries—even Saudi Arabia, which by increasing its oil exports has helped lessen the impact on the West of the Iranian Revolution.

Saudi Arabia, for one, suspects that the limit of U.S.

military power and, perhaps, of its political will is the occupation of the Gulf oilfields, this is, *in part, responsible* for the kingdom's efforts to diversify its arms procurement with approaches to France and West Germany. These suspicions are likely to gain greater credence if the Reagan Administration fails to address what is still seen in the Arab world as its greatest single threat—the Israeli occupation of Arab *lands and the denial of Palestinian ambitions.*

The collapse of Mr. Menahem Begin's Government in Israel will provide Mr. Reagan with a breathing space and an opportunity to inject some life back into the Camp David principles as a basis for a comprehensive Middle East settlement. So far, Camp David has been a *disaster for the Arab world.* It has divorced Egypt from the other Arab states and removed a force for moderation and leadership. At the same time, it has confirmed Israel's deter*mination not to relinquish* the West Bank, the Gaza Strip, the Golan Heights and East Jerusalem and has appeared to diminish whatever caution Israel had exercised in Lebanon.

Since the Camp David agreements, the moderate Arab world has been on the defensive and has been forced, or has opted, to move closer to the more *radical* countries. Saudi Arabia is now far more closely aligned with Socialist Iraq than would have been thought possible two years ago and is bound to provide some support for Baghdad in its war with Iran. It is, at least, arguable that Iraq's bid for Arab leadership, its profound distrust of the Soviet Union and its appetite for Western technology offered a basis for improvement in its relations with the U.S. Yet Mr. Reagan cannot exploit this as long as Washington appears to follow such a one-sided Middle Eastern policy.

Israel's next Prime Minister, most probably Mr. Shimon Peres, and his Labour Party are more flexible on the West Bank and Gaza Strip than Mr. Begin. But without substantial U.S. *en*couragement, they are unlikely to accept a formula for peace which would also tempt the Palestine Liberation Organisation.

Mr. Reagan and Mr. Peres will eventually have to accept that there is no "Jordanian option" until Israel has given some indication that it will withdraw militarily from at least part of the West Bank.

However, it will also have to be accepted—and the way is being shown, to Dr. Kissinger's disgust, by the European Community—that real progress requires some contact and dialogue with the PLO. This need not imply immediate recognition of the PLO which the U.S. would only offer in re*turn for a Palestinian admission* of Israel's right to exist.

But it would greatly strengthen the hands of the more moderate elements within the PLO who argue privately that the organisation could prove a rather different animal, if, through some West Bank arrangement, it could escape those Arab governments trying *to manipulate it for their own* ends. And far from emerging as a Soviet client, they argue, the new Palestine would be economically dependent on the Arab oil producers who in turn would have *been strengthened* by a solution to the crisis.

For this to be achieved, Israel's security fears have to be eased and only the U.S. can do this. Once Mr. Reagan could accept this as a priority towards a settlement, his conversations with Israel's new Government could concentrate on what form the inevitable mutual defence treaty would take and what additional guarantees Western Europe could provide. Ideally, of course, the Soviet Union should also be party to any agreement given the enormous *boost a solution would provide* the West, Soviet involvement might be impossible to achieve.

One of the main paths for Soviet influence in the Middle East is through countries which are aggrieved at "Israeli-U.S." occupation of Arab territories and denial of Palestinian "rights." This same reason prevents closer Arab links with Washington. Even more moderate countries do not perceive as great a danger to their regimes from the Soviet Union as from the effect of a continued Israeli occupation.

They certainly do not believe the Soviet threat can be effectively countered by U.S. military strength alone, something which Mr. Alexander Haig, the new Secretary of State, might *also recognise.* Mr. Reagan can also benefit from the extensive experience of the Middle East in the State Department but which too often in the past has been forced to give ground to *the National Security staff.*

The medicine is already there. It may not, at first, be much to Mr. Reagan's liking, but could taste all the sweeter in the end.

Bristow 'places £83m helicopter order in France'

BY LYNTON McLAIN

BRISTOW HELICOPTERS said yesterday it had placed an £83.3m order with Aérospatiale of France for 35 Super Puma helicopters for use in servicing oil platforms in the North Sea and for other duties.

The order for the twin-engine 19-seat Super Puma is one of the largest in the civil helicopter industry and strengthens the position of the state-owned Aérospatiale company as Europe's leading helicoper manufacturer. Aérospatiale already has about 7 per cent of the UK helicopter market but has 20 per cent of the U.S. civil helicopter market and plans to double this share by 1984.

The contract is expected to provide substantial work for Britain's aerospace industry, through a sub-contract Aérospatiale has with Westland Helicopters, of Yeovil.

Westland has no helicopter of its own to compete with the Super Puma, but the sub-contract provides for Westland to do between £75,000 and £100,000 of work on the top superstructure of each of the Super Puma helicopters, making a total of between £2.6m and £3.5m of work for Westland from the Bristow order.

Aérospatiale and Westland Helicopters already co-operate on the production of the Gazelle, Lynx and the original Puma helicopter designs and together, have produced 1,000 Gazelle, 300 Lynx and 700 Puma helicopters.

The Aérospatiale order is the second large helicopter order to have been placed by Bristow since October 1979, when Bristow ordered fve Boeing Vertol Chinook 41-seat helicopters for North Sea work, at a cost of £27.5m.

However, this order was subsequently withdrawn. Bristow's current flee. stands at 61 helicopters.

In contrast, British Airways has 35 helicopters, including six Chinooks.

Terry Dodsworth adds from Paris: The helicopter division of Aérospatiale has expanded rapidly in the last few years, to become one of the French industry's most effective exporters.

Last year, the company achieved 78 per cent of its consolidated sales of FFr 3.2bn (£290m) in overseas markets. It delivered 345 helicopters and took orders amounting to FFr 6.2bn of which 85 were earmarked for export.

Mexico may buy aircraft from Israel

By David Lennon in Tel Aviv

MEXICO is seriously considering purchasing military equipment from Israel, including the Israeli-made Kfir war aircraft, General Felix Galvan Lopez, the Mexican Minister of Defence said here yesterday at the end of a three-day visit.

Israel is hoping Mexico will purchase 24 Kfirs for its air force, but the Mexicans are still considering the competing American F-5E fighter.

General Galvan Lopez said his country would make a decision within a month on whether to buy the Israeli aircraft and other military equipment manufactured here.

Previous attempts by Israel to sell the Kfir in Latin America were blocked by a veto from the U.S. which provides the General Electric J-79 engine for the Israeli plane. The ban has since been lifted.

Israel imports about a quarter of its oil from Mexico and is anxious to develop exports to that country to offset the large deficit incurred.

It is also essential for Israel to find overseas customers for the Kfir, a derivative of the French Mirage, because planned cuts in domestic defence spending are threatening to close the Kfir production line.

U.S. exports to Russia fall 67%

BY DAVID SATTER IN MOSCOW

U.S. exports to the Soviet Union fell by 67 per cent during the first nine months of 1980, reflecting the virtual standstill in trade between the two superpowers in the wake of the invasion of Afghanistan.

Figures released by the U.S. Embassy showed that U.S. exports between January and September of last year had fallen to $821m (£344m), a steep decline from the value of U.S. exports for the same period in 1979 which was $2.4bn.

U.S. imports of Soviet goods, principally metals and minerals, also declined in value by 40 per cent during the period to $293m from $489m for the first nine months of 1979.

Overall trade turnover declined 62 per cent to $1.1bn from $2.9bn for the same period of 1979, a year in which massive deliveries of U.S. grain boosted bilateral trade to its highest ever level.

The U.S. surplus fell 73 per cent to $528m from $1.9bn for the first three quarters of 1979, as the U.S. slipped from the Soviet Union's second largest to its seventh largest trading partner.

The most important factor in the decline of U.S.-Soviet trade was the U.S. grain embargo which cut the value of U.S. agricultural exports by 75 per cent to $497m for the first three quarters of 1980 from $1.9bn for the equivalent period of 1979.

U.S. manufactured goods exports also declined, however, as the Carter Administration selectively denied export licences for high technology in retaliation for the invasion of Afghanistan.

U.S. non-agricultural exports were $342m, 40 per cent less than those for the same period in 1979 ($536m).

There have been signs, however, that the US may be preparing to relax its controls on high technology exports in the face of domestic opposition and lack of support from the Western European allies.

The U.S. State and Commerce Departments, in a recent decision, agreed that it would be possible to export U.S. oil and gas exploitation equipment to the Soviet Union but not the know-how for producing it independently.

£42m World Bank loan for Portugal

By Diana Smith in Lisbon

THE WORLD Bank has granted a $100m (£42m) loan to Portugal's Banco Nacional de Fomento (National Development Bank), to help finance the restructure and development of small and medium businesses.

The Portuguese State is guaranteeing the loan, which carries 9.5 per cent annual interest and repayment over 15 years. In 1977, the World Bank granted a $40m loan for similar purposes.

The new financing will be available to small to medium companies which prove that they can contribute to Portugal's urgent export drive and have concrete plans to expand and develop their enterprises.

With accession to the European Economic Community looming in three years' time, Portugal's thousands of small businesses — some dynamic, as in the textiles sector—others faltering, are badly in need of capitalisation, new equipment, and new management and marketing methods.

• The Chinese Government has entered into talks with the World Bank, to implement a $393m (£163m) loan to develop universities and higher education in science and technology, as part of its overall modernisation programme. The agreement is due to be signed in June.

Setback in Europe for GM U.S.-built cars

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SALES OF General Motors' North-American-built cars in Europe suffered a set-back last year, despite the introduction of the new, smaller and more fuel-efficient models to the range.

American-built GM car sales fell from about 30,000 in 1979 to 22,000.

At the Antwerp headquarters of GM's North American Vehicles (Europe) division, they have still not given up the target of sales of 100,000 a year set when the first "downsized" cars were launched in autumn 1979.

GM admits it was over-optimistic to expect to attain this level of sales by 1983—the previous target date—but insists "we still intend to reach 100,000 some time in the 1980s."

The group still has faith that the new front-wheel-drive models to be launched in the U.S. from 1982 onwards, which will be much closer to European vehicles in concept, will capture the attention of potential European customers who previously would not have contemplated buying American cars.

So far the omens have not been good. After the introduction of the first, smaller cars—the so-called X-bodied units—GM expected European customers to prefer the one most European in style—the Chevrolet Citation.

Instead, the top-selling X car last year was the Buick Skylark, chosen by Europeans because of its typically-American looks.

To hammer home the point that so far GM's European customers prefer the American style when they buy the U.S. product, cars with the big V-6 engines out-sold those with smaller four-cylinder units.

Among the factors which adversely affected European sales of GM's American cars last year was the sharp fall in demand for large-engined cars of all types in West Germany, at one time the best market for the group's North American products.

In Belgium, which took over last year from Germany as the top market, there was a steep rise in the tax rates on cars, which hit those with bigger engines particularly hard.

In Switzerland, the other major market in Europe for American cars, the slow-down in economic activity generally played its part in depressing sales.

Despite its far-flung, world-wide car manufacturing interests, GM believes its new models will provide the material to build up a useful export business for the U.S. subsidiaries.

Nigerians in £13m orders with UK

By Our World Trade Staff

BRITISH COMPANIES have signed contracts worth over £13m in Nigeria, and Morgan Grenfell has opened a $20m (£8.36m) general line of credit to allow Nigerian purchases of UK capital goods.

The biggest contract, for £10.16m, has been signed by Hawker Siddeley Power Engineering of Burton-on-the-Wolds. Over the next three years, it will take mains electricity into 53 villages of Oyo State in the west of Nigeria.

Lloyds Bank is providing Oyo State with a loan of £5.49m and this is being guaranteed by the Export Credits Guarantee Department.

In a further development, Guinness Peat International of London has completed the financing and planning of a £3.2m spark plugs factory in the Isolo area of Lagos. The project will be run by a new company, Autotech (Nigeria).

Autotech will have an exclusive licence to make KLG spark plugs in Nigeria from Smiths Industries. With Guiness Peat, Union Securities of Nigeria, and Chief Christopher Ogunbanjo, it will be a founder shareholder of the company.

Meanwhile, Morgan Grenfell's credit line is being made to the Nigerian Bank of Commerce and Industry. Contracts financed by the loan must have a minimum value of $50,000 and be placed by January next year.

The credit is backed by the ECGD, the first time a general purpose line of credit for Nigeria has been guaranteed.

Schemes for exporters worry Dutch

By Charles Batchelor

THE NETHERLANDS is concerned at the increasing misuse by foreign governments of export financing schemes to give unfair advantage to their salesmen abroad.

The Dutch have been forced to increase substantially the funds they allocate to match foreign aid.

Mixed credits, consisting of development aid and commercial loans, have in particular been used to distort competition. It is difficult for outsiders to assess how these credits are made up and thus to offer matching facilities. Mr. Gijs van Aardenne, the Economics Minister, said in a speech to the Industrial Council for Oceanology.

More countries are starting to offer low fixed-rate reinsurance on currencies other than thei rown. This is done particularly with depreciating currencies and leads to a further distortion of fair competition in the capital goods field.

The long-term Dutch answer to these developments is measures aimed at reducing costs and restraining inflation. The Government also has policies to stimulate industry and encourage innovation.

In the short term, it has set up a matching fund allowing Dutch exporters to offer terms similar to their foreign competitors. This fund was expanded to Fl 200m (£38m) last year from Fl 140m in 1979. It has helped gain orders worth Fl 5bn since it was set up in 1976.

To meet unfair competition in the form of mixed credits, the Dutch have set up a special fund to help with export deals The fund has been set at Fl 100m this year and each of the previous two years but the government is considering easing the conditions and increasing the money available.

Bonn prepares China aid programme

BY ROGER BOYES IN BONN

WEST GERMANY is preparing a special development aid programme for China, but there is no immediate prospect of Bonn granting cheap loans to the Chinese.

The Foreign Aid Ministry's programme, which has been drafted but not formally approved, concentrates on technical assistance, reflecting Bonn's adjustment to recent developments—Peking's shift of emphasis away from large-scale projects and West Germany's reluctance to commit itself to long-term low interest credits at a time when its own coffers are strained.

The Ministry's budgetary allocation for 1981 is up substantially (10.4 per cent) over 1980 to DM 5.7bn (£1.2bn). But anticipated inflation of some 4 to 5 per cent, special assistance to Turkey and growing pressure for increased aid to North Africa and the Far East will all take their toll.

The new focus of German aid spending this year will be on technical assistance rather than on credits.

Bonn's programme for China has two main aims. The first is to increase the country's technical infrastructure by sending German experts to China and educating Chinese personnel. The second is to improve Peking's ability to compete on world markets.

This latter objective will involve German co-operation in building up a management training centre in China and in establishing a framework of new Chinese patenting laws modelled on the German system, to protect technological innovation. The aid programme is expected to cost some DM 15m.

German business has been gradually adapting to the notion that China is not at present interested in more large-scale turnkey projects.

There is even doubt about some existing projects, such as the Baoshan steel plant near Shanghai.

The German steel engineering concern, Schloemann Siemag, has a contract worth over DM 1bn for the supply of a rolling mill for this project, but is continuing work on it, despite uncertainties.

Bonn appears to believe that the changes in Peking's investment policies could well benefit small- and medium-sized businesses.

To exploit this, the Kredit Anstalt für Wiederaufbau (reconstruction and aid financing agency) recently signed an agreement with the Bank of China extending credit for small deals.

Individual contracts worth more than DM 1m can be financed under the agreement, providing that they are backed by a Hermes state guarantee, and providing the contract runs for at least four or five years. The credit ceiling will be about DM 500m.

UK NEWS

ICL bases hopes on UK upturn

ICL, the troubled computer manufacturer, expects to give the first report on its performance so far this financial year at an extraordinary general meeting in London on February 3.

The company said yesterday that its "strategy for short-term profits recovery" was "based heavily on hopes for an upturn in the British economy."

It disclosed that a main reason for the sharp increase in its provisions for repurchasing leased computers, which are set against profits, was expectation that some customers would return new machines sooner.

In its last financial year ended September 31 ICL's pre-tax profits fell by 46 per cent to £25.1m with profits in the second half falling to £4.6m from £27.9m a year earlier. There was a substantial cash outflow in the year.

Mr. Murray Stuart, the finance director, said there was some improvement in overseas orders in the past few months.

ICL was "trying to keep shipments up," though this might intensify pressure on margins.

Mr. Philip Chappell, the chairman, said there had been no cuts in ICL planned spending on research and development, set between £60m and £70m this year.

Cheese venture for Rank

RANK HOVIS McDOUGALL is to take a prominent part in a £6m milk-and-cheese processing operation which will create 215 jobs at Coleraine, Northern Ireland. A joint venture has been set up by its subsidiaries and those of L. D. Schreiber Cheese Company of Wisconsin, a major supplier to the U.S. "fast food" industry.

Population up

THE POPULATION of England and Wales has increased for the first time in six years says the Office of Population Censuses and Surveys. Provisional figures from mid-1979 to mid-1980 show that births outnumbered deaths by 68,000.

Overweight boost

THE FREIGHT Transport Association, representing transport in 16,000 companies, gave full support to the proposals in the Armitage Report on Lorries, People and the Environment for heavier lorries up to 44 tonnes' gross, more than a third above the weight allowed on British roads.

Furniture flit

PANEL PLUS Industries, makers of self-assembly furniture, is to move from Biggleswade, Beds., to a newly-built factory in Peterborough, where 600 jobs will be created. This is the biggest single development since the Government expansion scheme for Peterborough started 10 years ago.

Hire boat protest

A DECISION by Thames Water Authority to increase hire boat registration charges by 67 per cent has been criticised by the Thames Hire Cruise Association. Charges for hire companies are now three times the sum paid by private owners. A 32-ft cruiser registration costs £322.40 against £80.60 for one privately owned.

Environment row

HAMMERSMITH and Fulham Council decided by one vote not to revoke outline planning permission to London Transport and to Bredero, a Dutch developer, for a £70m office and transport complex at Hammersmith Broadway. The council is now faced by a court action by a local action group against the scheme, strongly criticised last year in an inspector's report after a public inquiry.

Liverpool dockers face 855 jobs cut

BY WILLIAM HALL

LIVERPOOL'S two main port employers plan to cut their dockers by 855—nearly one in five—in the next six months. This will reduce the number of dockers employed to 3,800.

The Mersey Docks and Harbour Company is seeking to cut its workforce by 605 to 2,400, and West Coast Stevedoring wants to cut 250 jobs.

Last year Liverpool offered 635 dockers voluntary severance but only 500 came forward. Now the local Dock Labour Board has applied to the National Dock Labour Board for a further severance scheme covering 720 dockers—bringing the total redundancies sought in the Port before June to 855.

The local Board's application will be considered by the National Dock Labour Board under the National Dock Labour Scheme next Thursday.

The Port of Liverpool faces a serious financial crisis because of a slump in trade and chronic overmanning. It has applied to the Government for financial aid and the Minister of Transport has appointed a firm of accountants, Peat, Marwick and Mitchell, to advise him. In the short term, the Government is guaranteeing a £3m overdraft.

A joint study by the national Ports Council on the Mersey Docks and Harbour Company, says the company needs to cut its dock labour force by 1,000 and reduce other staff by 500. The report also calls for concentration of cargo handling activities in three areas—Royal Seaforth, Gladstone Docks and Victoria Docks.

- Up to 75 jobs may be lost with the closure by Linread of its cold forged fastenings factory at Washington, Tyne and Wear.

Reduced demand for fasteners has made manufacture at Washington uneconomic and production will be transferred to Linread's Peterlee plant at County Durham.

- Bell-Fruit, one of the UK's largest manufacturers of amusement and gaming machines, is to make 65 workers redundant, out of a total workforce of 800, at its Nottingham factory.

The job cuts, phased to July, have been caused by a drop in export orders.

- The general depression and a slump in the sale of mens' shoes has forced the British Shoe Corporation to put 1,400 workers at factories in Kettering and Northampton on a four day week from today.

More petrol companies increase pump prices

By Ray Dafter, Energy Editor

THE PRICE of petrol at the 5,000 British Petroleum and National stations will go up by about 5p a gallon today in line with a general industry price rise. Texaco, which holds a 9 per cent share of the UK petrol market, last night announced a similar increase.

BP Oil, which supplies both BP and National outlets, said the increase was not enough to restore profitability to satisfactory levels or to match the effects of inflation on internal costs.

It is understood BP would have preferred an increase nearer 7p a gallon but was forced to follow the trend set *by Shell and Esso—joint UK* market leaders—and Mobil had raised wholesale prices, resulting in pump prices yesterday increasing by about 5p a gallon.

BP, which holds a 17 per cent share of the UK petrol market, is adding 4.6p a gallon to the wholesale price of all grades of petrol.

Derv diesel fuel, sold on station forecourts, is going up 5.5p a gallon which should result in an increase in pump prices of about 6p a gallon.

The company pointed out that the new estimated average pump price of four star petrol —between £1.34 and £1.35 a gallon—was the same as it was in May last year and in real terms on a par with prices in 1975. Throughout last year strong competition among retailers because of slack had held down prices.

The latest increases largely reflected the rise in crude prices following the meeting of the Organisation of Petroleum Exporting Countries in Bali last month.

BP go ahead on £100m gas field project

By Martin Dickson, Energy Correspondent

BRITISH PETROLEUM is to press ahead with a £100m project to boost production from its West Sole gas field in the southern sector of the North Sea.

The go ahead has been given by a revised agreement between BP and the British Gas Corporation on supplies from the field, the UK's first offshore gas discovery. British Gas will pay a higher price while BP will increase supplies of gas during peak winter demand periods.

The project will boost production to 180m cubic feet a day from about 130m cubic feet. It will also prolong the productive life of the field, so virtually all its 1.7 trillion cubic feet of recoverable gas can be extracted.

One new well will be drilled and a new 24-ins diameter undersea pipeline will be laid parallel to the existing 16-ins line linking the field with the BP gas terminal at Easington, Humberside.

Assay work hit by recession

BRITAIN'S four Assay Offices, in London, Birmingham, Sheffield and Edinburgh, were hard hit last year by the general recession. They hallmarked only 16.4m gold, silver and platinum articles—44 per cent fewer than the record total of 29.4m articles hallmarked in 1979.

Money supply up £358m in three-week period

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING M3, the broadly-defined money supply, rose by £358m, or 0.5 per cent on a seasonally adjusted basis, in the thre weeks to mid-December, Bank of England figures showed yesterday.

The main expansionary influence was bank lending to thep rivate sector, as sales of Government debt more than covered public borrowing.

Sterling M3 has risen by 22½ per cent at an annual rate since the start of the present target period last February. After adjusting for the impact of the end of the corset controls, underlying growth rate has probably been about 19 per cent *compared with the 7-to-11 per* cent target range.

The narrowly defined money supply, M1, rose by 1.6 per cent last month.

Domestic credit expansion was £761m, more than double the rise in sterling M3. The difference can be explained largely by the £261m outflow on thee xternal and foreign currency item. This was affected by repayments of overseas borrowings by the public sector.

Taken with a £230m rise in sterling lending overseas, external and foreign currency factors were broadly neutral.

Bank lending to the private sector increased by £816m last month following a slight fall in November.

The Bank points out that this figure is erratic from month to month, and in December may have been inflated by special factors.

In particular, the rise in U.S. interest rates and the cut in minimum lending rate may have encouraged bank customers to repay foreign currency debt and increase sterling borrowing. This is suggested by the sharp fall in lending in other currencies and by the change in the banks' foreign currency deposit liabilities.

After allowing for these distortions it is officially reckoned that the underlying increase is about £400m to £500m a month.

Central Government borrowing last month was £610m, about half of which was lent to the rest of the public sector, which was able to repay other borrowing.

Net sales of central Government debt to the public and to City non-bank institutions amounted to £760m. This included net sales of £380m gilt-edged stocks (affected by the short banking month and the maturity of an existing stock, by £270m of national savings following introduction of the "granny bond" issue) and by £140m of certificates of tax deposit.

MONETARY AGGREGATES (£m)

1980	Money stock M1 change	Money stock M1 %	Sterling M3 change	Sterling M3 %	Bank lending in sterling change	Domestic credit expansion change
January	+ 49	+0.2	+ 485	+0.9	+1,384	+ 738
February	−411	−1.5	+ 330	+0.6	+ 503	+ 270
March	+304	+1.1	+ 302	+0.5	+ 433	+ 717
April	−105	−0.4	+ 216	+0.4	+1,544	+ 701
May	+115	+0.4	+1,249	+2.2	+ 370	+1,149
June	−297	−1.1	+ 447	+0.8	+ 438	+1,369
July	+976	+3.6	+2,954	+5.0	+2,378	+3,466
August	+ 64	+0.2	+1,826	+3.0	+ 871	+2,011
September	+273	+1.0	+ 390	+0.6	+ 525	+ 967
October	+112	+0.4	+1,268	+2.0	+1,161	+1,128
November	+208	+0.7	+1,366	+2.1	− 63	+1,431
December	+465	+1.6	+ 358	+0.5	+ 816	+ 761

All figures seasonally adjusted.

Source: Bank of England.

Status appeal by People's Bank opens before Banking Act board

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN INSTITUTION providing the banking services demanded by a reasonably wide cross-section of the public should be entitled to call itself a bank, the Banking Act Appeal Board was told yesterday.

The fact that the institution did not offer all banking services (for example financial advice to companies on take-overs and mergers) was not a reason to hold that it was not a bank, Mr. Anthony Graham-Dixon QC, said.

He was opening the appeal by the Bradford-based People's Bank against the Bank of England's refusal to grant it the status of a "recognised bank" under the Banking Act, 1979. It is the first case brought under the Act's appeal provisions.

People's Bank has existed since 1894. It became a subsidiary of the Provident Financial Group in 1971.

Mr. Graham-Dixon said the Bank of England was empowered by the Act to divide applicants for bank status into sheep and goats.

It had granted People's Bank only the goatlike lower status of a licensed institution, on the ground that it did not satisfy all the criteria of a recognised bank set out in the Act.

In considering applications the Bank of England had to be objective, said Mr. Graham-Dixon.

"It must look at the matter, not from the ivory tower of Threadneedle Street but from the users' point of view. It must jettison its preconceived ideas."

The issues on the appeal were:

1—whether People's Bank had enjoyed for a reasonable period a high reputation and standing in the financial community;

2—whether, if People's Bank had not carried on a deposit-taking business long enough to have achieved that high reputation, its parent Provident had such a reputation that People's Bank could rely on;

3 whether People's Bank provided the wide range of banking services required of a recognised bank by the Act;

4 whether it provided the highly specialised banking service referred to in the Act.

Mr. Graham-Dixon said the reason for requiring the provision of a wide range of services was the same as the basic purpose of the Act: to stop the public being "conned."

He said the Act was essentially a piece of consumer-protection legislation, a reaction to the secondary banking crisis of 1973-74.

People were entitled to expect from a concern calling itself a bank probity, prudence, honesty, security and sufficient services, in width and depth, to justify the use of the word "bank."

People's Bank had been taking deposits from the public only since 1974. Its plans to expand its branches and deposit-taking had been baulked by the secondary banking crisis.

Its expansion had begun only in 1978. It had not had time to *achieve a high reputation and* was therefore entitled to rely on the reputation of Provident, which had come through the financial crisis "without the need of salvation from the life-boat."

People's Bank was a branch retail banker, the scope and nature of whose business was wider than the norm. For example, it was open between 9 am and 5 pm from Monday to Saturday, and it paid interest on current accounts.

It wanted to tap the great potential market for banking services among the 17m or so adults in the UK, two-thirds of them in the C2 and D social categories, who did not have bank accounts.

Its attempt to persuade more people to use banks was being made under the name People's Bank. If its appeal failed it would be unable to continue to use that name, Mr. Graham-Dixon said. The hearing continues today.

Steel output down nearly a half last year

By Alan Pike

UNITED KINGDOM steel production last year was 11,267,700 tonnes—little more than half the 1979 output.

The national strike in the British Steel Corporation last winter was an important element in the drop but it also reflects the severe contraction of the British market this year.

Last year's total was 52.5 per cent of the 21,464,100 tonnes produced by the public and private sectors in 1979.

Evidence of the continuing low level of demand for steel is demonstrated by the output figure for December, which averaged 223,000 tonnes a week. Although most steelworks were closed during the last week of the month this was 33.7 per cent below the December, 1979, level.

Seasonally adjusted steel consumption during the third quarter of last year was 18 per cent below the average level for 1979. Consumers' stocks fell by 4 per cent during the third quarter. Those held by stockholders rose by 8 per cent.

- State aid for the BSC next year is expected to be a "significantly smaller figure" than this year's £971m, the Earl of Gowrie, Employment Minister, said in the Lords yesterday.

He told Tory peer Lord Orr-Ewing that this year's figure included about £300m for redundancy payments which was a "one-off payment."

"I cannot comment until the Government has come to its decision about the corporate plan, but I can say we would expect a significantly smaller figure," Lord Gowrie said.

Architects face fall in new work

By Andrew Taylor

WORK TAKEN on by architects in the third quarter of last year fell to its lowest level since 1968, said the Royal Institute of British Architects yesterday.

Value of new commissions, at 1975 prices, fell by nearly 29 per cent in the first nine months of 1980 against the same period of 1979, it said.

Fourth-quarter figures are not yet available, but it seems likely that 1980 will have been the worst year for new commissions since 1964 when the institute started publishing annual workload statistics.

Impact of the recession and Government spending cuts has led to a sharp reduction in architectural staff employed by local authorities. Staffing cuts in 1980 are estimated at more than 10 per cent.

There are signs that employment in private architectural practices is affected by dwindling workloads. Overall level of employment in private practice in the third quarter fell for the first time since 1977, 1.5 per cent against the second quarter.

The position seems likely to deteriorate

Houlder appeal considered

By Our Law Courts Correspondent

HOWARD HOULDER and Partners, the leading City ship broker, is considering an appeal against a High Court judge's ruling that it had no defence to a breach of warranty of authority claim made by the Chinese Government.

At a private hearing last month, Mr. Justice Lloyd gave judgment on liability for the Chinese. Damages will be assessed at a later hearing.

The dispute concerned grain shipments between the U.S. and Peking on Taiwanese vessels.

China alleged that Houlder had breached a warranty the firm had given last summer. This was that Houlder was authorised by Mr. Eddie Hsu, a Taiwanese shipowner, to enter into fixtures of three vessels, to nominate vessels pursuant to such fixtures, and to give directions on Mr. Hsu's behalf about where and to whom freight was payable.

The judge held that Houlder had no arguable defence to the claim.

Unigate and Nutricia: a partnership in its infancy

Andrew Fisher explains an Anglo-Dutch link arising from falling birth rates

FEWER COUPLES want large families and many are happy to remain childless—a trend which is making life hard for the major baby food companies, especially in the more developed countries. In the Third World, moreover, where much selling effort is concentrated there are strong moves to put the whole industry under strict guidelines drawn up by the World Health Organisation.

It is against this uncertain background that Unigate of the UK and Holland's NV Verenigde Bedrijven Nutricia have decided to pool their infant feeding interests. Together, the two companies have sales worth more than £50m in the baby *food* sector, and both rely on exports for a large slice of their business.

For Unigate, which will take a stake of about a quarter in Nutricia—at this stage, no price is being disclosed—baby food represents no more than a tiny portion of its activities.

Its Cow and Gate company, which Nutricia plans to buy, is the largest baby food producer in the UK market by a small margin, competing against Glaxo and a U.S. company called Wyeth International, part of American Home Products. Slightly less than half of Cow and Gate's annual sales of over £20m comes from exports.

It sells virtually nothing in Continental Europe, but has well developed markets in parts of Africa, India and Pakistan, as well as Sri Lanka and the West Indies. Nutricia, on the other hand, where exports account for some two-fifths of baby food sales of over £30m, sells mostly to former Dutch colonies like Indonesia, as well as the rest of Europe.

Nutricia's management isolated itself from the Press yesterday and left the talking to Unigate. In recent years the Dutch company, which is also involved in margarine and has sold off its pickle interests, has found the going rather tough. Cash flow in 1979 declined from Fl 24m to Fl 17.8m (£3.4m), with trading profits slithering from Fl 11.2m to Fl 0.6m and dividends disappearing altogether.

Cow and Gate turned in a modest pre-interest profit last year, but has clearly concluded that its baby food business must either be hived off or be given a major financial and management boost. Unigate has plenty of cash — it reaped nearly £90m in 1979 from the sale of its creameries — but is intent on investing this in high-yield activities. Clearly, baby food is not regarded as one of these.

Together, Cow and Gate and Nutricia would rank third in the overall European market, behind Nestlé and either Heinz of the U.S. or Milupa of West Germany. The UK and Dutch companies both make infant milk, but otherwise their products do not overlap. Cow and Gate also makes dietary and preparatory feed products, while Nutricia's range includes flavoured milks and juices.

In Britain, baby food sales are under strict ethical limits. The medical profession forbids promotional campaigns, as this might discourage mothers from breast-feeding. Thus the products are chiefly sold through chemists. Cow and Gate has, however, recently started selling through the Sainsbury's grocery chain.

These restrictions do not apply to Cow and Gate's syrup and cereal rusk products, which can be seen more as straightforward consumer brands. The company also makes infant meals in jars, as well as non-milk substitutes for children who cannot take protein. Some of the baby food range is only available on doctor's prescription.

Neither Nutricia nor Cow and Gate sees much chance of breaking into the U.S. market, where Bristol-Myers, Ross Abbott and Wyeth are predominant, along with Heinz which is not in the milk product business. Nestlé, which estimates it operates in more baby food markets than any other company, is not directly involved in the U.S. but recently gained entry there through its purchase of Beech-nut.

Japan, too, is fairly well covered by large domestic operations like Morinaga, Meiji Milk and Snow Brand, though Wyeth does have a joint venture there. This is another market which Nestlé avoids. Nor does it sell baby foods in the UK.

UK NEWS

Unit trust sales totalled record £531m last year

BY TIM DICKSON

UNIT TRUSTS had their best-ever year for new business in 1980 with sales of £531m just exceeding the previous highest total of £530m in 1978.

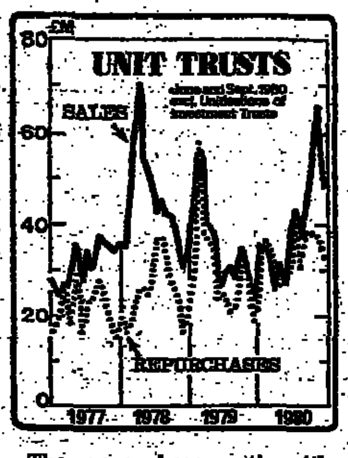
However, the value of units cashed-in last year was, at £424m, also the largest on record. But there were signs in the second half that the rate of defections is slowing.

Net new investment of £108m in 1980 was almost double the 1979 total of £58m—the lowest net figure since 1962—but was still well below the four previous years.

The results, at the end of an eventful 12 months, will make mixed reading for unit trust managers. The sales figures for 1980 certainly show a significant increase on the relatively disappointing outcome in 1979 (£412m).

On the other hand the record number of repurchases (the highest number of units cashed-in hitherto was £354m in 1979) shows that some management groups will be running hard simply to stay still.

The Unit Trust Association said yesterday that repurchases are "a product of fund values and maturity of funds."



The repurchase ratio (the total value of units cashed in expressed as a percentage of the average value of funds at the end of each month) was higher in 1980 (9.2 per cent) than in 1979 (8.6 per cent), but this "reflected the above-average repurchases during the earlier part of the year." On an annualised basis, the association says, the ratio in the last four months of 1980 was only 7 per cent.

Mr. Cholmeley Messer, UTA chairman, said yesterday that he was not concerned by the record repurchases.

"I think people are beginning to realise that unit trusts are a good medium for investment and are getting into the market ahead of what I think will be a significant upturn."

A major new influence on sales in 1980 was the 16 gilt and gilt and fixed interest funds. Most of these were launched in response to tax concessions in the last Finance Act. Between them they accounted for £37m of new sales, including £9.5m in December.

December figures also published yesterday show that, after sales of £48m and repurchases of £32m, net new investment for the month was £16.1m compared with £27.9m in November, but well above the monthly average of £9m for the year.

Although the total value of unit trust funds at one stage in 1980 touched £5bn, the tally at the end of December was £4.968bn, compared with £3.937bn at the end of 1979. In 1980, 28 new authorised unit trusts were launched.

Institutions invested £1.4bn overseas

BY DAVID MARSH

BRITISH FINANCIAL institutions invested more than £1.4bn in overseas company securities in the first nine months of last year, about 10 per cent more than their investment in UK *equities during the period.*

The flow of funds to foreign stock markets—mainly to Wall Street and the Tokyo Stock Exchange—accelerated in the third quarter last year, accord-in gto Central Statistical Office figures published yesterday. highest on record.

This was in line with the general surge of investment in foreign securities sparked off by the abolition of exchange controls in 1979. But for outflows from the UK—which have taken place at the same time as large foreign inflows into sterling—the appreciation of the pound over the past year would have been even higher.

Institutional investment in foreign company securities—mainly by insurance companies and pension funds—has grown almost continuously since the initial partial easing of exchange controls in summer 1979. The third quarter 1980 total was the highes on record.

During the 15 months from July 1979 to September 1980, institutions channelled £1.94bn into overseas equities, of which £1.45bn was invested last year.

Investment in UK company securities during the 15 months totalled £2bn. The third quarter total was also up sharply.

Funds channelled into UK government stocks were almost double the total investment in company securities—amounting to £7.15bn during the 15 months. Of this, £4.24bn was invested in the first nine months of lastyear, the amoun: doubling to just over £2bn in the third quarter compared with the second.

The CSO figures show that the total net inflow to British institutions rose to a record £5.5bn in the third quarter last year from £4.94bn in the second quarter.

This was mainly due to higher deposits with building societies, contrasting with the normal third quarter fall, as well as a larger than normal increase in and pension funds. flows to insurance companies

British institutions were known to have been heavy investors during the boom on the Tokyo stock market in August and September last year, which was mainly inspired by Arab buying.

Post Office motorcycles for London

Financial Times Reporter

MOTORCYCLE courier messengers in London are to be faced with competition from the Post Office.

Spurred by Government plans to reduce its monopoly, the Post Office will introduce 20 radio-linked motorcycle couriers in the spring to add to its Express-post van deliveries.

The Post Office said yesterday the Royal Mail despatch-riders would aim to collect a letter within 30 minutes of a telephone request *and deliver it in Central* London in less than two hours.

The despatch-riders, on Japanese machines, are having lessons in safe driving. The postal side of the Post Office is to lose only a small part of its "monopoly" under the British Telecommunications Bill before Parliament but it has begun a range of *services in readiness.*

The increased marketing effort also reflects concern that it may lose sales in the recession, particularly damaging because of high fixed costs, mainly labour.

Motorcycle courier companies say that there may be a price war if the Post Office sets up a rival system.

UK in bid to modify product liability plan

BY GARETH GRIFFITHS

BRITAIN yesterday stepped up its pressure on other EEC governments to modify draft Community proposals which would increase manufacturers' liability for defective products.

The UK is pressing for the inclusion of a clause which would exempt companies from liability if they could prove that any defective product was based on the most up-to-date technology.

Mrs. Sally Oppenheim, Consumer Affairs Minister, yesterday met officials from the West German Justice and Economics Ministries in Bonn to present the British case. She appears to have the support of the Economics Ministry which, like the UK Government, is worried that the draft proposal could hinder innovation and research.

However, the Justice Ministry *has adopted an approach more* sympathetic to the consumer and disagrees with Mrs. Oppenheim's argument. The West German Government has not yet made clear its formal position on the EEC draft proposals.

Mrs. Oppenheim's visit to Bonn follows discussions with France and Italy. She said yesterday she intended to visit all the EEC governments in an effort to win support for the British position.

Department of Trade officials hope the new composition of the EEC *Commission could* make some difference to the draft proposals. Britain is in favour of common regulations in the European Community governing compensation for injury resulting from defective products, but only if a clause covering up-to-date technology is included.

The draft proposals are unlikely to be implemented until the mid-1980s. The National Consumer Council has welcomed them but UK industry is concerned that insurance premiums could rise substantially.

Consumer groups have criticised the Government's approach and quote the Thalidomide case. If such a defence had existed at that time, half the victims would not have been entitled to compensation. The Consumers' Association is campaigning for the introduction of the full proposed EEC system of product liability in the UK.

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UK NEWS

Greenwich wins reprieve from Heseltine blacklist

BY ROBIN PAULEY

THE LONDON borough of Greenwich has become the sixth council on Mr. Michael Heseltine's "overspending" *penalty-list to cut back its* expenditure and win a reprieve. The eight councils left on the list are all Labour-controlled London boroughs.

Greenwich was to have lost £410,000 in central government grant as a penalty for not meeting the Government's spending targets. This would have required a withdrawal from balances to make up that amount or a levy of 1.14p in the pound if the loss was to be met by ratepayers.

The Government gave Greenwich a target of £26.45m for expenditure in 1980-81 (at November, 1979, prices). This would have required a cut of £1.204m from the council's planned spending for the year.

When revised budgets for 1980-81 were sought last year Greenwich refiled its original figures, making no cuts and staying on the penalty-list.

The five other reprieved councils are:

Hammersmith-Fulham, whose Liberal-Conservative coalition was asked to cut £1.304m and has since cut more. It would have lost £510,00 in grant if it had not compiled.

Islington, which successfully showed that its expenditure would be the necessary £1.84m lower than shown in original budgets. The council saved £2.42m in grant by complying.

Newcastle upon Tyne, which would have lost £1.3m in grant if it had not achieved the £4.155m saving requested.

Afan, Wales, reprieve saved £110,000 of threatened grant and was given when the council achieved £181,000 target.

Sheffield, where cuts of £6.6m were sought and the council eventually complied to save £1.02m in grant.

Eight councils, which Mr. Heseltine regards as having "blatantly disregarded the Government's exhortations to reduce expenditure," remain on the penalty list.

They (and the amount of grant level they will lose) are Camden (£5.22m), Tower Hamlets (£1.55m), Lambeth (£2.10m), Hackney (£1.01m), Lewisham (£970,000), Brent (£710,000), Waltham Forest (£530,000) and Hounslow (£550,000).

Hackney and Lambeth will be further penalised by some of their special urban programme grants being withheld. This will be redistributed to other councils in the urban partnership schemes. The £12.64m grant withheld from the eight penalised councils will also be redistributed among all the other authorities in England and Wales.

Lambeth and Camden have levied supplementary rates to recoup the lost grant.

● The relief in Greenwich at getting off the Government's blacklist has been overshadowed by a dispute in the ruling Labour Party over sale of council houses. The party's local executive committee called for resignation of 24 Labour *councillors who voted for sales in* defiance of Mr. Arthur Capelin, council leader.

Nuclear power risks 'studied'

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE RISKS attached to nuclear power are probably better researched and understood than those posed by fossil fuels or even alternative energy systems, according to Sir John Hill, chairman of the UK Atomic Energy Authority.

He told a conference in Florence, Italy, that the method of approach applied to nuclear risk assessment was not applied to other energy sources.

Yet while the major nuclear incident at Three Mile Island in the U.S. had resulted in no death or disease attributable to radiation, major accidents had happened during work with other fuels. These included the death of 123 men in the North Sea last year when the Alexander Keilland oil rig capsized.

It was sometimes argued that there were two nuclear risks which had no parallel for fossil fuelled systems. One was the irreversibility of the consequences of a really large accident.

"Leaving aside the minimal level of such risk, the question of irreversibility can equally be applied to the build-up of atmospheric carbon dioxide as a result of fossil fuel combustion," Sir John said.

The second was that of nuclear weapons proliferation. However, there was no direct link between civil nuclear power and nuclear weapons. A nation wishing to have nuclear weapons could obtain them far more easily and cheaply than through a civil nuclear power programme.

It would be a great advantage if the world could establish set criteria for the aceeptability of risk and design all systems to meet these requirements.

The balance of risk and benefits, rather than risk alone, should be considered in the choice of any energy system. There was no simple way in which all these aspects could be brought together in a single criterion.

Cost benefit analysis could obscure rather than clarify. "It *seems to me that those respon*sible for any energy choice are better served by presenting them with statements of the risk to life and health, with the effects on the environment and property and with the financial implications, than they would be by some composite index which is based on the value judgments of these who compiled it," he said.

Johnson-Richards to spend £8m

BY LORNE BARLING

H. AND R. Johnson-Richards Tiles, Britain's largest tile *manufacturer, is to invest up to* £8m in modernising its production facilities following the rights issue last week by its parent company, the Norcross group.

The investment will take place over the next 18 months at three of the company's nine north Staffordshire factories, which employ about 3,800 people. It is also expected to lead to redundancy for about 10 per cent of the workforce, which has already fallen from 4,350 a year ago.

Like other UK tile manufacturers, Johnson-Richards has failed to benefit recently from the expanding British tile market, due to rapidly increasing imports from Spain, Italy and Portugal. This market penetration is mainly a result of the lower prices and the high quality of imports.

Mr. Len Shaw, the company's managing director, said workers had the option of limited cuts now or far more serious problems later, if nothing was done.

"We need to improve productivity, reduce energy costs and become more competitive. The alternative is a slow *decline and* permanent loss of jobs," he said.

Johnson-Richards holds about 50 per cent of the UK tile market and has more than 70 per cent of the country's tile manufacturing capacity. The investment will take place at factories at Stoke on Trent, Tunstall and Adderley Green.

Mr. Shaw said the investment was only the first stage of long-*term plans to increase the com*pany's UK market share

Optimism is watchword of self-made print chief

From shop floor to top floor

BY ARTHUR SMITH

MR. COLIN ROSSER, aged 40, believes Mrs. Thatcher has got her economic policy right and he is pressing ahead with a £2m investment programme that has increased capacity by nearly 30 per cent. He foresees further profitable growth.

His private company, Goodhead Press, recently moved into purpose-built premises in Bicester, Oxfordshire, and commissioned a £550,000 web-offset press that will make it one of the biggest independents in contract newspaper printing. Turnover has increased from £100,000 a year to more than £7m in seven years.

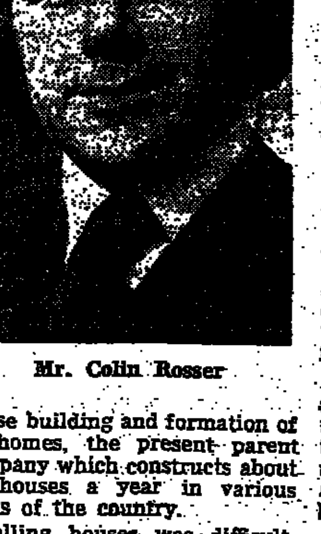
Goodhead claims to print 60 different newspapers a week, 3m copies, in addition to magazines, house journals, directories and time-tables.

Mr. Rosser, like Mrs. Thatcher, is self-made. He was an apprentice at British Leyland's Morris Radiators factory, Oxford, where both his father and elder brother worked.

Ambitious for something different he won a Nuffield Scholarship to Southampton University. He graduated in *mechanical engineering.* Of his return to the factory in 1962 he said: "Leyland did not really want to know. There were no suitable opportunities available."

He wanted to do research in the U.S. but was tempted to join the insurance business then recently launched by his father and brother. "Dad was a founder-member of the *engineering union in the* Oxford area. He was fed up with Leyland and his work with the union led him naturally into insurance. The three of us worked all hours knocking on doors selling policies."

From insurance it was a short step to arranging mortgages for clients. That aroused the Rosser family's interest in the property market. They quickly established five estate agent offices in Oxford. The next move was into



Mr. Colin Rosser

house building and formation of Techomes, the present parent company which constructs about 70 houses a year in various parts of the country.

Selling houses was difficult. But the growth of giveaway newspapers presented an opportunity. Brother Tony, also a former Morris Radiators engineering apprentice, in 1972 launched a giveaway newspaper in Oxford, the Oxford Journal.

It was a success. This season the newspaper bought up Oxford City football club in the Isthmian League and appointed Bobby Moore, captain of England's World Cup-winning side, manager. Moreover, other publications followed. Free Newspapers publishes 12 titles in centres such as Bristol, Cardiff, Sheffield and Hull. Another three papers are scheduled to be launched this year.

However, the family was not content just to publish newspapers. Colin Rosser said: "We decided we wanted to do our own printing and control our own destiny." In 1972 Daeha Publications, with 10 employees at Kidlington, near Oxford, was bought. Under his management, expansion was rapid. Goodhead, the name of the former proprietor of Deaha, was adopted in 1973 as the company's title.

Two years ago another small printing company—Wiltshire at Bristol with a workforce of 12—was taken over. This acquisition, where new equipment was installed, was seen as a way of gaining additional capacity and moving Goodhead into better quality magazine work in addition to newspapers. Turnover increased from £70,000 a year to about £3m.

Colin Rosser knew nothing about printing. Even now he feigns ignorance of the technical details of the trade. But he says he was lucky to have developed a good management team and a responsible workforce.

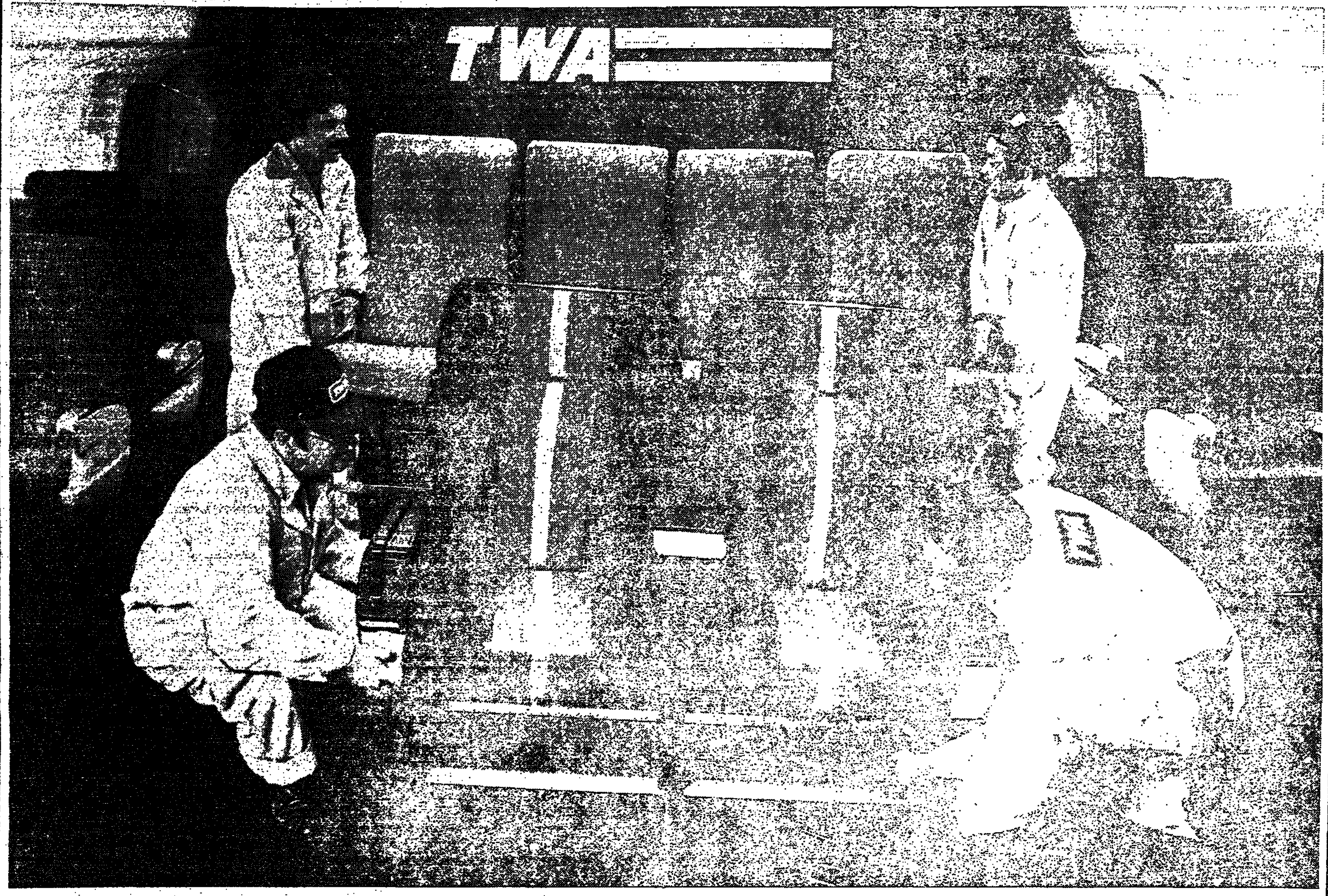
Though he has no formal accountancy training it is clearly the figures side of the business that fascinates him. He takes an understandable pride in the steady profit growth at Goodhead.

The hours devoted to building the printing company meant selling the estate-agency business, Mr. Rosser said. "Don't be taken in by the idea that estate agents don't earn their money. It needs a personal commitment and means working till 9 and 10 o'clock every night if you are to be a success."

Goodhead's decision to embark on a £2m expansion programme was taken two years ago but Mr. Rosser says he has no regrets even though the new capacity is coming on stream at the depth of recession.

"Free newspapers will continue to be a growth market. We have the expertise. We know the pressures and we know the market." The new £550,000 web-offset press installed at Bicester in May is already working 24 hours a day from Monday morning through to Friday night.

TWA bring in more room.



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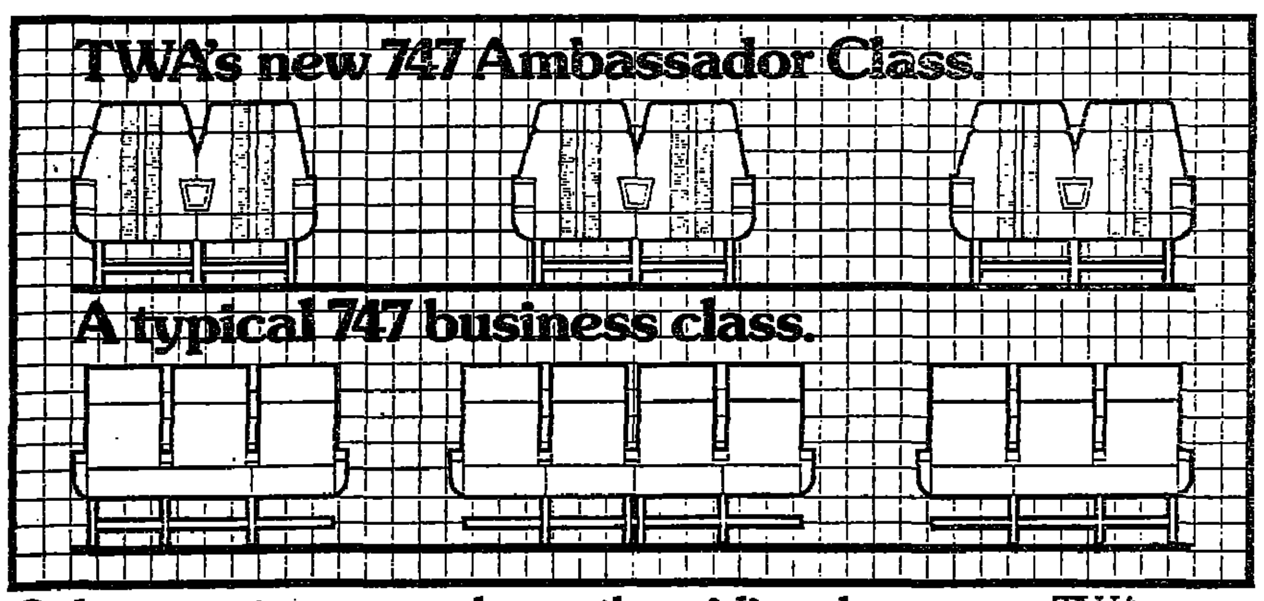

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UK NEWS and LABOUR

Water men ready to reject 7.9% 'final' offer

By John Lloyd, Labour Correspondent

WATER WORKERS are now set to reject the National Water Council's "final" offer of 7.9 per cent, and appear prepared to take industrial action if it is not raised.

A meeting yesterday of 48 delegates from water workers in the West Midlands area of the General and Municipal Workers Union, unanimously turned down the offer, and sanctioned industrial action.

This follows similar results earlier in the week from north-east England and South Wales, making a total of between 5,000 and 6,000 of the GMWU's 20,000-strong membership in the industry now decisively against acceptance.

Mr. Eddie Newall, the GMWU's national officer for the industry, said last night that "these delegates clearly demonstrate that the employers' view that a stoppage was remote was badly misguided and dangerously complacent."

It was imperative that the council re-open "real negotiations," he said. He would not begin talks again on the understanding that the offer might be raised by 1 or 2 per cent, but only if no restrictions were placed on bargaining.

Two further GMWU areas—Liverpool and Yorkshire—are expected to vote today, with the seven other areas voting next week. A special executive council meeting of the union will be held later in the month to decide what action to recommend.

Pauline Clark reports from Hull on the seamen's dispute

Striking cargo crew dismissed

FOURTEEN SEAMEN aboard the Baltic Valiant general cargo ship in Hull became the first crew to be issued with dismissal notices by their employers yesterday for refusing to sail in support of the international industrial action being taken by seamen over pay.

Only hours after Mr. Jim Slater, general secretary of the National Union of Seamen, addressed a mass meeting of seamen in the port, the Valiant crew were told they would lose their jobs effectively by midnight tonight because of strike action which the seamen have decided should last until the dispute ends.

Crewmen on the Valiant's sister ship, the Baltic Enterprise, owned by the United Baltic Corporation, which was due in port last night, were expected to take similar action after a meeting of replacement crew yesterday decided that the ship should not be allowed to sail out of port.

The Valiant seamen received their formally typed notices in *their cabins. It was handed to* them by an officer in a brown envelope dated January 14 and the paper was signed by Captain J. S. Howard.

It said: "In response to the notice that you have given me today, and of the terms of section 42(2) of the Merchant Shipping Act 1970, I have to advise you that unless that notice is withdrawn before the expiry of that notice, you will have effectively terminated your employment as from the expiry of the notice and will be free to leave the vessel at that time."

Able Seaman Bob Strachan, responded angrily: "You see, you have no rights at sea. We

Sacked seamen Bob Strachan (left) and Michael Macleod alongside their ship at Kingston-Upon-Hull yesterday

have not been treated as workers or labourers but as animals."

Bosun Michael Macleod said the crew had made their decision. They would not be intimidated. A sit-in would take place on board immediately the notices became effective and the crew would be asking for strike pay.

Mr. Macleod was at the mass meeting earlier in the offices of the Transport and General Workers Union in Hull when over 100 seamen were assured by Mr. Slater that they were not to worry about strike pay. The union would take care of them, he said.

Seamen at the meeting said the address by Mr. Slater had been important in reassuring them of the support that was being given to the union by members in their long standing grievances about overtime pay. The union wants overtime rates improved from time and a quarter to time and a half—partly to offset the reduction it said ship owners had made in overtime hours.

Industrial action has also been

NUS members yesterday continued to lead to disruption of British shipping. Seamen on deep sea ships like the two Baltic cargo vessels in Hull have been authorised by their unions to stage overtime bans, 24-hour strikes, and indefinite stoppages in UK ports and overseas since last Monday.

Industria laction has also been stepped up this week on short sea shipping, leading to a series of 24-hour strikes which have affected cross-Channel ferries from Harwich, Dover, Portsmouth and Weymouth.

The crew aboard the Valiant said there should be no illusion that the grass roots members were not fully behind the union.

The 14 seamen had voted 100 per cent for the strike. They were angry particularly about reductions in overtime hours which had led to an erosion of their earnings over the past year or so.

It was a decision they claimed which the ship owners had not been honest about when they argued that the seamen had done well out of last year's 24 per cent pay deal and 54 per cent pay rise over the past three years.

One member of the Valiant crew claimed overtime work on his last two trips had been reduced by nearly 16 hours because overtime worked in canvas sewing and renewing gear had been substantially cut down. Able Seaman Alan Dobson said: "If the ship had work to do which took up 40 hours a week of overtime two years ago there must be something wrong and a reduction in efficiency if they are now getting away with 10 hours."

Insurance staff to consider 12-15%

SEVERAL insurance companies have made pay offers of between 12 and 15 per cent, the Association of Scientific, Technical and Managerial Staffs said yesterday.

These included General Accident, which employs 10,000 staff in the UK, the Royal, two Scottish Life offices and two other smaller insurance companies.

Staff at a number of companies are due to vote on their offers within the next week.

If a trend of settlements above 10 per cent is confirmed within insurance this will almost certainly increase pressure on the clearing bank unions and the banks themselves to make offers of a similar size.

Chairmen of the English clearing banks have made it clear privately that they want their negotiators to settle in single figures. This has been seen largely as a political decision because of the sensitivity of the double-figure divide in an industry which employs more than a quarter of a million staff.

The clearing bank unions have submitted general claims of 15 to 20 per cent and are certainly seeking a settlement at least a little way into double figures.

Mr. Peter Kennedy, an ASTMS national officer, said yesterday that it had been difficult to budge the insurance companies from their original 8 to 10 per cent offers but they had eventually done so.

3-union alliance in fight for jobs

BY NICK GARNETT, LABOUR STAFF

THE STRATEGY document against further job losses to be used next week at a special conference of the main coal, steel and railway unions is being distributed today. It will be sent eventually to all MPs, the CBI, the Institute of Directors and other groups.

The 12-page document includes specific recommendations for joint action. It has been endorsed by the executives of the three unions—the "Triple Alliance"—taking part in the conference.

These are the National Union of Railwaymen, the National Union of Mineworkers and the Iron and Steel Trades Confederation. Other unions in those industries have been invited to attend as observers.

The document is designed to commit the three unions to a common strategy to defend jobs. It includes a shopping-list of import controls, energy pricing and greater Government cash support for the three industries.

Mr. Joe Gormley, NUM president, said yesterday that ideally the general secretaries of the three unions should approach Government departments together once a common strategy was agreed.

Following the union's executive yesterday, Mr. Gormley said Government policies on coal imports could lead to a reaction from mineworkers similar to that of the early 1970s.

The union was due to meet management at the National Coal Board's joint policy advisory committee on February 10, to hear the board's coal strategy for the next year to 18 months.

● The NUM executive voted 15 to 10 to support the Labour Party constitutional amendment which gives 50 per cent of the voting strength to the parliamentary party.

Vauxhall cuts opposed

BY NICK GARNETT AND KENNETH GOODING

VAUXHALL'S proposal to cut more than 3,000 jobs from 8,700 at its Ellesmere Port car plant on Merseyside will be opposed by Amalgamated Union of Engineering Workers shop stewards, and four Merseyside MPs yesterday intervened.

The MPs, three Tory, one Labour, sought urgent talks with Vauxhall management to press for investment and Government aid.

Mr. David Hunt, Tory MP for The Wirral, said the MPs wanted to discuss with the company "a constructive alternative to turning Ellesmere Port into an assembly plant."

AUEW shop stewards will decide on Monday what recommendations to make to a mass meeting at Ellesmere Port the next day. Vauxhall unions' joint negotiating committee will meet for detailed discussions on Thursday.

UK NEWS—PARLIAMENT and POLITICS

Lamenting the end of the famous double acts

By John Hunt, Parliamentary Correspondent

WHATEVER ITS merits, the recent Government reshuffle would certainly not suggest an increase in the harmless store of amusement which sometimes relieves the longueurs of Commons debates.

Yet surprisingly enough, peals of mirth rang through the Chamber yesterday as MPs gathered for the Labour motion on the Government's "disastrous economic and monetarist policies." The *trouble was it was the straight* lines that were getting all the laughs.

Labour MPs guffawed with delight when the Prime Minister eulogised the Zurich speech of Mr. Nigel Lawson, Financial Secretary to the Treasury, as "remarkably frank, modest and intelligent."

Certainly few people would question Mr. Lawson's acute intelligence. But modest? Even Mr. Lawson could not repress a giggle at that one.

In any case, why was Mrs. Thatcher heaping such extravagant praise on the *Junior Treasury Minister only* a few minutes before Sir Geoffrey Howe, the Chancellor, was due to make a major speech in the economic debate? Was she consoling Mr. Lawson for his lack of promotion in the reshuffle or was it a crafty way of knocking the Chancellor?

MPs clearly thought it was rather a rum way of going on.

The trouble with reshuffles is that they break up those well-known double acts which become such old favourites at Westminster. The quick patter between Labour leader Michael Foot and Mr. Norman *St. John-Stevas used to be one* of the pleasures of business questions. Alas, all this has gone now that Mr. St. John-Stevas has been replaced as Leader of the House by the sombre Mr. Francis Pym.

Yesterday Mr. Foot wanted to know when the Chancellor would announce "those sections of the Budget which have not already been leaked." Just think how Naughty Norm would have used the opportunity for sly humour and the double entendre. But Mr. Pym threw it away and contented himself with gravely announcing *the date of the Budget.*

The House then moved on to the main performance and here again that famous pair, Healey and Howe, no longer face one another across the Chamber. The performance of the placid, patient Chancellor without his old tormentor on the Labour front bench was rather like the innocent Stan Laurel without the menacing Oliver Hardy.

True, Mr. Healey's replacement as Shadow Chancellor, Mr. Peter Shore, had some bright turns of phrase. The lad shows promise and may *yet top the bill if only* he ceases reciting all those statistics and manages to forget he was once head of Labour's Research Department.

Sir Geoffrey too received his share of laughs, particularly when he maintained that "this Government's success is becoming increasingly apparent." Labour MPs almost rolled in the aisles apparently considering it a classic example of drollery.

The Chancellor followed this with a lengthy warning about the perils which would *ensure if money supply got* out of control. The punchline was that the quotation came not from any esoteric monetarist bulletin but from the Chinese People's Daily. Unfortunately Labour MPs, who were supposed to be confounded by this revelation, merely hooted with derision.

On all theatrical occasions there is some bitchiness amongst the cast and during the debate Sir Geoffrey had to deal with several unpleasant interventions from his own backbenches. Nevertheless he was never thrown off *his stride. To give him his* due, he never muffed the lines whatever the quality of the script.

British industry 'faces long period of adjustment'

BY IVOR OWEN

SIR GEOFFREY HOWE, Chancellor of the Exchequer, gave a broad hint in the Commons last night that there is unlikely to be any further reduction in Minimum Lending Rate before he introduces his Budget on March 10.

It came after he had again re-affirmed the Government's determination to adhere to its monetarist policies, and warned that "a long and difficult period of adjustment" still lay ahead for large sections of British industry.

Sir Geoffrey, answering an Opposition attack on the Government's "mismanagement of the economy," responded to a demand by Mr. Peter Shore, Shadow Chancellor, that MLR should be reduced to single figures by pointing out that interest rates were already 3 percentage points below their peak.

He then stated: "When I come to consider the appropriate size Public Sector Borrowing Requirement for which to aim next year (normally announced in the Budget), I shall certainly give proper weight to the need to ensure further progress in that direction."

The Chancellor also rejected pressure from Mr. Shore for Government action to bring down the sterling exchange rate and stimulate demand.

Hhe insisted: "Any attempt to pump in more demand as an apparently easy way of creating jobs in the short run would ensure in future even fewer jobs and higher unemployment."

Sir Geoffrey highlighted the fall in the rate of inflation as the main indicator of the success of Government poloceies, and while admitting that unemployment was likely to go on rising "for some time yet," contended "much of the worst is over."

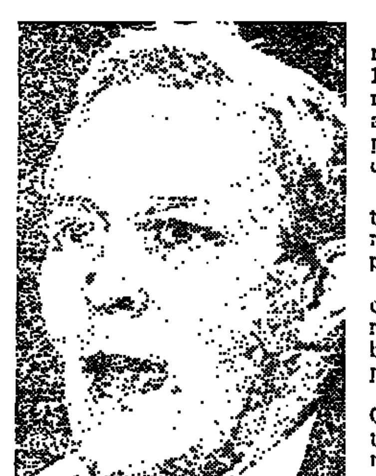
He said there were distinct signs that both in Britain and in the world generally inflation would continue to fall and output would improve.

Many forecasters, he said, expected single figure inflation in Britain this year.

But the Chancellor did not reply when Labour MPs chorused "Do you?"

The Chancellor assured the House that the Government would do "all it properly could" to help industry through

Howe: reaffirmed adherence to monetarist policies



Benn: urged unions to cut contacts with Government

the long and difficult period of adjustment which still lay ahead.

But as Labour had discovered during its last period of office, it was not within the Government's power to control the sterling exchange rate.

"Industry must adapt to the strength of sterling" he said.

Sir Geoffrey maintained that many companies had already recognised the case for helping themselves by reducing unit costs through bringing down the rate of wage settlements.

Most settlements in the current pay round had been under 10 per cent and the Government was determined to seek to achieve the same result in the public sector over which it had control.

The Chancellor emphasised that moderation in pay settlements was vital in both the private and public sectors.

"We can derive much encouragement from the progress made so far. But it needs to be sustained over a long period."

Mr. Shore challenged the Chancellor to justify his refusal to stimulate demand in view of the fact that a CBI survey had shown that 84 per cent of British companies were seriously under-utilising their capacity. He claimed the strength of sterling and the high level of interest rates had played a major part in producing the situation.

Sir Geoffrey retorted that British companies had unused capacity not through shortage of demand but because their products could not meet the required quality, price and delivery dates.

The extent of import penetration into the British motor car market underlined this fact

He accused Mr. Shore of having discarded monetarist policy altogether and of repudiating the entire economic policy of the last Labour Government of which he had been a senior member.

Mr. Anthony Wedgwood Benn, speaking in the debate just after the Chancellor, called on Britain's trade union leaders to cut their contacts with the Government.

"I see no point in the trade union movement continuing to involve itself in this Government's policy. The time has come for the Labour movement to disengage itself from this Government and not to have the general secretaries on nationalised industry boards busy selling off what is profitable and closing down what is not profitable," said the former Labour Cabinet Minister.

Mr. Benn said: "The Labour movement should disengage itself from giving support to a Government, and hence legitimacy, to a policy which is fundamentally hostile to Labour and fundamentally hostile to the interests of this country."

Shore outlines six point plan for economic recovery

BY MARGARET VAN HATTEM, LOBBY STAFF

MR. PETER SHORE, Shadow Chancellor, yesterday outlined a six-point programme for rescuing the British economy from what he termed a decline of "terrifying proportions" due to the "stubborn myopic" economic policies of the present Government.

Leading an Opposition censure motion on the "disastrous economic and monetarist policies" of the Government, Mr. Shore called for:

● Cuts in energy prices, particularly for bulk power users, in line with those of Britain's major competitors.

● Phasing out of the national insurance surcharge.

● Reduction of the Minimum Lending Rate to *single figures*.

● Maintenance of a "competitive" exchange rate.

● Abandonment of the "ridiculous" targets for national industry financing, which would require a £2bn swing from deficit to surplus in four years.

● Increases in public spending, with priority for roads and housing.

The economy, Mr. Shore said, was on the road to ruin. Just as Britain was becoming self-sufficient in oil, it faced the worst economic outlook in years. To turn such an asset into a liability indicated an "extraordinary" talent for mismanagement.

The extent of the damage was *terrifying*. Since the Conservative Government took office in May 1979, national output had fallen by 6 per cent; manufacturing output was down 15 per cent; prices had risen by 27 per cent; the competitiveness of British industry in relation to its main competitors had declined by around 40 per cent. Unemployment, already at 2.1m, was now rising at the rate of 100,000 a month. Tax incentives had been introduced—for the 10 per cent of the population earning more than £10,000 a year. Not for the rest.

"People can exaggerate the power of a government to do good," Mr. Shore said, "they could not exaggerate the power of this Government to do evil."

The Government's response to these frightening statistics had been to launch a sustained public relations exercise—"Operation Optimism"—which involved "nauseatingly false" expressions of concern about unemployment, and effusions of false hope such as the Prime Minister's New Year television interview.

"I do not think the country has ever been subjected to a more frivolous, false, frightening, unreal and inverted address than was heard from the Prime Minister that day," Mr. Shore said.

It had been an "amazing" interview, he went on, with Mrs. Thatcher sounding like a Joan of Arc hearing voices. Mr. Nigel Lawson, Financial Secretary, had, in what the Prime Minister herself called a remarkably intelligent speech, conceded that the Government's record was not one of unalloyed success.

"I took heart," Mr. Shore said amid laughter, "when I thought I heard that the Chancellor had been sacked but alas, it turned out to be the Chancellor of the Duchy of Lancaster not the Chancellor of the Exchequer—the sacrificial lamb, not the dead sheep."

Foot hopeful of electoral college consensus soon

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

MR. MICHAEL FOOT, the Labour leader, is to make a final effort over the next few days to persuade next week's party conference to accept the form of electoral college which he believes would also be acceptable to the vast majority of Labour MPs.

He is expected to make it plain to the trade unions who control the block votes at the conference that his task of uniting the party would be considerably easier if the conference agreed that the Parliamentary Labour Party should have half the votes in the electoral college.

Mr. Foot appears to believe there is a reasonable chance that the conference will support a college weighted in this way. But he will not speak at the conference until the voting is over.

This emerged yesterday as *another Labour Right-winger* warned that the special conference would be a deciding factor in determining whether or not he would stay in the party. Mr. Ian Wrigglesworth, a leading member of the Manifesto group, acknowledged in an ITN interview that he was now considering leaving the party. But he made it clear that it could be some time before he made up his mind.

Mr. Wrigglesworth said a number of other people in the party were taking stock at the moment and he predicted that some MPs would eventually leave Labour.

His warning was the latest in a series of hints this week that some social democrats are about to try to form some new alliance. But Mr. Foot apparently takes the view that press speculation about a breakaway has been exaggerated.

Nevertheless, he has seen a number of disillusioned Right-wingers over the last few weeks.

But Mr. Wrigglesworth demonstrated yesterday the problem facing Mr. Foot. He *conceded that the Labour Right* was split over tactics, but he said that there were now some in the party who felt they had done everything they could but had failed to stop the party moving to the Left.

Labour-run councils urged to act on cuts

BY ROBIN PAULEY

LABOUR-CONTROLLED local councils are to be urged to take extreme action, including deliberately running a deficit, in resistance to expenditure cuts demanded by the Government.

The Left-wing Labour Co-ordinating Committee will launch a pamphlet tomorrow detailing the measures it thinks should be used to defy central Government.

Apart from running a deficit for as long as possible and testing the power of the Government to do anything about it in the courts, the group also recommends that Labour majorities refuse to take control but use their majorities in Opposition to vote down all Conservative proposals for cuts.

It also calls for industrial action by local government workers to refuse to co-operate with any administrators put into a council by the Government (i.e., Commissioners). A mass resignation of councillors is urged for May, 1982, to force a mini-referendum on cuts in the local elections.

The document seems to ignore the fact that district audotors will not allow councils to run a deficit on current account without remedial action such as levying a supplementary rate. Councillors breaking the law in this way can be surcharged, barred from public office and even, in extreme circumstances, imprisoned.

This course of action does not seem to have much chance of gaining widespread support. Nor does the idea that having fought to gain control of a council, majority group members should immediately abdicate their responsibilities to the ratepayers.

The pamphlet says: "If the Government is faced with a growing number of court battles, numerous councils in conflict with the District Auditor, an electoral verdict against it, and industrial action preventing administrators implementing cuts, it will find it hard to stick to its blinkered policy of dismantling local government in order to impose its monetarist policies."

Lester may stand for industry committee

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

MR. JIM LESTER, one of the Ministers dropped by Mrs. Thatcher in her reshuffle, is considering standing for the chairmanship of the influen*tial Conservative Backbench* Industry Committee.

Mr. Lester, a Parliamentary Under-Secretary at the Department of Employment until last week, and a close ally of Mr. James Prior, the Employment Secretary, has been pressed to stand by a number of colleagues who claim to find his sacking inexplicable.

***Usually when Ministers* are dropped they are expected to retire quietly to the backbenches for a few months. But Mr. Lester has let it be known he wants to take an active role as a backbencher.**

The Industry chairmanship has become vacant again because Mr. Kenneth Baker, who was re-elected unopposed last month, has now been made the Minister of State.

Mr. Baker was one of the most influential Left-wingers on the Tory backbenches and moderates are determined that the committee should not now fall into the hands of the Right.

For this reason they have sounded out a number of senior Left-wingers. As well as Mr. Lester, Mr. Peter Hordern and Mr. Peter Emery have also been approached, though the Left will doubtless try to ensure that only one moderate actually puts his name forward for the contest.

Parliament next week

COMMONS

Monday: Criminal Attempts Bill, Second Reading: Motions on Local Authority Grants (Termination) (Scotland) Order. Highlands and Islands Shipping Services. Greater Manchester Bill.

Tuesday: European Assembly Elections Bill remaining stages. Water Bill, Second Reading.

Wednesday: Energy Policy debate: Rate Support Grant (Scotland) Order. Housing Support Grant (Scotland) Orders.

Thursday: Welsh Affairs debate. Northern Ireland Orders on Firearms. Clean Air, and Road Traffic. Orders on Road Traffic, Leasehold (Enlargement and Extension) Housing and Building Societies.

Friday: Private Members' Motions.

LORDS

Monday: Felixstowe Dock and Railways Bill Second Reading. International Organisations Bill, Third Reading. Parliamentary Commissioner (Consular Complaints) Bill Committee. Merchant Shipping Bill, Committee. Deep Sea Mining (Temporary Provisions) Bill Second Reading. Energy Conservation Bill Committee. Control of Pollution (Special Waste) Regulations.

Tuesday: Judgments Enforcement (NI) *Order. Judgments Enforcement (NI* Consequential Amendments) Order. Elections (Welsh Forms) Regulations. Contempt of Court Bill Committee.

Wednesday: Transport debate. Criminal Justice (Amendment) Bill Committee.

Thursday: Town and Country Planning (Minerals) Bill Second Reading. Debate on EEC European Social Fund.

Strikes 'all too often a tactic of first resort'

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GREEN PAPER, *published last night*, examines the arguments for and against further narrowing the protection from civil action given to trade unions. Some important restrictions have already been made by the Employment Act, 1980.

The areas examined include: the immunity of trade union funds, "secondary" industrial action, picketing, the definition of a trade dispute, *legal enforcement* of collective agreements, secret ballots, the closed shop, and "no-strike" laws for essential services.

The paper also examines the merits of establishing positive rights to take industrial action, such as are common in Continental law, instead of the British system of negative immunities.

Mr. James Prior, Employment Secretary, is inviting views from interested bodies by June 30.

In its introduction, the paper says: For at least a generation now, our industrial relations have failed us because they have inhibited improvements in productivity, acted as a disincentive to investment and discouraged innovation.

"The results are apparent in our poor industrial performance and lower standard of living compared with our major competitor countries overseas."

Restrictive practices, outdated working methods and overmanning had been as much to blame as the incidence of industrial action. But strikes or threats of strikes were "all too often a tactic of first instead of last resort."

While the great bulk of the paper is aimed at trade unions, employers too are blamed for inflexibility and out-of-date practices, for devoting too little attention to *industrial relations policies* and employee involvement, and contributing to the growth of shopfloor power.

It warns that the law has only limited influence in *changing the balance of power* between employers and unions.

"But it has always been recognised as a proper role of Parliament to intervene by statute to correct manifestations—whether by employers or employees—of a disequilibrium of bargaining power."

In support of the creation of a positive right to strike, the paper says this might clarify the law for both sides, and at the same time lessen the suspicion and hostility felt by trade unions for the *courts*.

The law in recent years had become more interventionist as it affected employers while remaining non-interventionist towards unions.

The Green Paper hopes that a wide debate will be stimulated in which the relationship between unions, employers and Government might be *re-examined so that the* "incessant flexing of industrial muscle to impress Government might be replaced by more constructive activity."

The following is a much abridged version of the main points of the Paper.

Trade Union Immunities; Cmnd 8128; HMSO, £5.50.

Possible changes to the present law

Legally enforceable collective agreements

Two main advantages are claimed for legally enforceable collective agreements. First, it is argued that they bring a period of peace and stability to industrial relations in a company or industry which benefits both employers and employees.

A second advantage, it is argued, is that legally enforceable collective agreements foster a more professional approach to bargaining on the *part of both employers* and unions. In particular it is suggested that they encourage the development of more sophisticated disputes procedures.

It is suggested that industrial action should not have immunity where it is taken in breach of a collective agreement. This could apply either to action which was taken during the currency of the collective agreement itself, or if it were desired to concentrate on the development and use of disputes procedures, to action which was taken before the agreed procedure for resolving disputes had been exhausted.

Its effect would be to *enable* an employer damaged by a strike or other industrial action in breach of an agreement to sue the organisers of the action for an injunction or damages.

It it were decided to remove immunity from industrial action which was in breach of a collective agreement, it would seem necessary to consider also whether collective agreements should be made legally enforceable contracts binding equally on the parties to them.

Main considerations

(i) The informal system of collective bargaining

The first is how to reconcile *legally enforceable* agreements with the system of collective bargaining which has developed in Great Britain.

A system of legal enforceability requires collective agreements to be clear, precise and capable of interpretation in the courts in disputed cases. The vast majority of collective agreements in this country are vague, imprecise and underpinned by informal understandings based on long standing custom and practice.

(ii) Liability of trade unions

In some other countries the legal enforceability of collective agreements means that trade unions themselves become liable *if their officials or members* break those agreements.

But it is argued that trade unions are not at present equipped to supervise and monitor the multiplicity of agreements which are signed by their officials, including shop stewards.

(iii) Attitudes of employers and trade unions

The third consideration lies in the attitudes of employers and unions. If both employers and trade union negotiators had accepted that it was in their interests to conclude legally binding agreements they could have done so at any time in the last 100 years.

Our own experience suggests that legislation alone might be unlikely to bring about the necessary change in attitudes.

Secret ballots

The practice of holding secret ballots for the *election of union* officers or to decide whether or not to accept a specific pay offer or to take industrial action is well established in some trade unions. But this practice is still very far from being general and progress in extending it has been slow.

This section is concerned with the specific issue of secret ballots before industrial action is taken.

A number of proposals have been advanced to ensure that industrial action is called by a trade union only when it demonstrably has the support of the union members concerned in a secret ballot.

In particular, it has been proposed that immunity for calling industrial action should be made dependent in certain circumstances on the union having had a ballot of the members to determine whether the majority wish that industrial action to be taken.

Some have gone further and urged that immunities should only be available for those trade unions which adopt democratic procedures for both elections and strike decisions.

Main approaches to promoting secret ballots

It seems, therefore, that there are now two general approaches on how to promote ballots *before strike action:*

(i) proposals for ballots "triggered" by union members; and

(ii) a belief that ballots can best be encouraged in a non-mandatory way, for example, by the provision of public funds.

The objectives of, and basic beliefs underlying, each approach are very similar.

Closed shop, and union membership

The Government's view of the closed shop is clear: it is opposed to the principles underlying it. That people should be required to join a union as a condition of getting or holding a job runs contrary to the general traditions of personal liberty in this country.

The Government believes that these views are increasingly shared, not least within trade unions themselves.

Several suggestions have been put forward for circumscribing or eliminating altogether unions' ability to press for closed shop agreements and their enforcement:

(i) Voiding of closed shop agreements

One suggestion is to make closed shop agreements void (i.e. in effect to declare closed shop agreements unlawful). This would make any such agreement unenforecable at law.

It is argued in favour of this proposal that it gives the clearest and most comprehensive expression to disapproval of closed shops and is in line with the law on the subject in the majority of other European *countries*.

Against this it can be argued that the closed shop is so established a feature of our industrial relations system that it would not disappear.

(ii) Periodic review

The closed shop Code outlines what is good practice in reviewing existing closed shops. Where no secret ballot has previously been held—or where one has not been held for a long time—*it would be appropriate to use* one to test opinon.

It has been proposed that over and above guidance on good practice there should be a legal requirement that all closed shop agreements be subject to a periodic review of support among the employees they cover or that it should be unfair to dismiss an employee who is not a union member unless there have been periodic review *ballots which show* continued support for any closed shop agreement.

Alternatively a review ballot might not be required automatically, but a given percentage (eg 20 per cent) of those covered by the closed shop should be able to request a review periodically.

Those who argue against any new legal requirement of this kind point to the disturbance to industrial relations which a statutory requirement to review could entail. During consultations on the closed shop Code many employers, as well as trade unions, were unhappy even about including advice on *periodic reviews in a Code of* Practice.

(iii) Unreasonable operation of a closed shop

It has also been suggested that employees and applicants for employment should be protected by *creating* a new statutory right against the unreasonable operation of a closed shop.

Against this suggestion it is argued that such a right would be ill-defined and uncertain in effect and *that it would thrust* industrial tribunals into the difficult area of deciding what it was reasonable to include in, or exclude from, agreements of this kind and how those agreements should be operated.

Related practices

Section 18 of the Employment Act 1980 has already dealt with a relatively recent development in the use of industrial action against non-union firms. It has removed immunity from the organisers of *industrial action* which has the purpose of compelling workers to join a trade union.

The Section has been criticised on the grounds that it focuses too narrowly on coercive recruitment practices. It is argued that similar practices involving industrial action against non-union companies should also be tackled. Three in particular are discussed below:

(i) The refusal to handle work from non-union companies;

(ii) The refusal to work with non-union labour; and

(iii) The practice adopted by some organisations of inserting clauses in contracts requiring contractors to employ only union labour on the *contract*.

Refusal to handle work from non-union companies.

Probably the best known examples of union members refusing to handle work from non-union companies are provided by the printing industry where the closed shop is long established.

The question is whether immunity should be removed from all industrial action of this kind, whether or not its purpose is specifically to compel union membership. The practical effects of such a change would depend on the reactions to it from management and unions.

(iv) Refusing to work with non-union labour

The parallel practice of refusing to work alongside non-union labour is particularly common in industries where there is a long tradition of trade union *membership*, as in the docks, and where there is a high level of sub-contracting as in certain parts of the civil engineering and construction industries.

But the widespread use of sub-contractors for maintenance work means that almost all types of firm are liable to be involved in a dispute of this nature.

Section 18 of the Employment Act 1980 does not apply where the workers taking the industrial action and the workers against whom the action is taken work at the same place of work. It has been suggested that the words "at the same place" should be removed from Section 18.

Union labour only contract clauses are relatively common in the civil engineering and construction industries. The contract clause is seen by both employers and unions as an insurance against the potentially disruptive effects on industrial relations of introducing a non-union worker on to a site.

These clauses have been *strongly criticised* by the contractors and their representatives, and the Government has already made clear its dislike of this practice in the debates on the Employment Bill and it has taken a number of steps to discourage it.

The question is whether further measures are needed. Representatives of the contractors have argued that such clauses should be declared null and void in legislation so that, even if they continue to appear in contracts, they cannot be enforced at law.

The potential effects of this are uncertain. A reduction in the number of contracts with union labour only clauses could certainly be expected. But it can be argued that many organisations would no longer place contracts with known non-union companies, or that they would require contractors to send only union labour to fulfil a contract, without actually putting such a requirement into the written contract.

Legislative history of trade union immunities

1871 TRADE UNION ACT: Protected unions from the common law doctrine forbidding action "in restraint of trade."

1875 CONSPIRACY AND PROTECTION OF PROPERTY ACT: protected unions from criminal prosecution for threatening or taking industrial action. Permitted "acts in contemplation or furtherance of a trade dispute" (the so-called golden formula).

1906 TRADE DISPUTES ACT: Gave immunity from civil lawsuits if "golden formula" was observed. Unions not liable for acts of their members.

1927 TRADE DISPUTES AND TRADE UNIONS ACT: Made it a criminal offence to incite a strike which was not industrial or was aimed at coercing the Government.

1965 TRADE DISPUTES ACT: Threatening or inducing breaches of employment contracts became immune from civil suits.

1971 INDUSTRIAL RELATIONS ACT: Repealed the 1906 Act, but kept most immunities. Introduced concept of "unfair industrial practice." Aimed at unofficial strikes.

1974 TRADE UNION AND LABOUR RELATIONS ACT: Repealed 1971 Act. Restored 1906 position. Attempt to give explicit immunity for breaches of commercial contract failed.

1976 TRADE UNION AND LABOUR RELATIONS (AMENDMENT) ACT: Including above extension.

1980 EMPLOYMENT ACT: Removed immunity from "secondary" picketing, and from some, but not all, "secondary" industrial action. Removed immunity for acts of "coercive recruitment."

Protecting the community

This Section is not concerned with the wholly exceptional circumstances of a war, when a manifest emergency exists and special considerations apply.

The main concern here is whether there are circumstances in which industrial action poses such a threat to the national interest that special provisions are needed to deal with it. The question is considered from two points of view:

(a) the general question of industrial action which creates a national emergency: and

(b) industrial action by workers in essential services.

National emergencies

The Government already has powers under the Emergency Powers Acts 1920 and 1964 to deal with the consequences of an emergency, whether or not it is created by industrial action.

The 1920 Act contains restrictions on the Government's power including one that specifically prohibits the Government, notwithstanding the *emergency, from issuing a re*gulation under the Act making it an offence to strike or to picket peacefully.

A statutory cooling off period

The model for the 1971 Act provisions were the emergency provisions of the Taft Hartley Act in the U.S.

The experience of the working of the Taft Hartley Act is that, though the cooling off period is usually effective in *suspending* the strike, the subsequent ballot almost always results in an endorsement of the original strike.

There are also two important considerations:

Definition of an emergency

When war breaks out or a natural disaster occurs, it is easy to agree that an emergency has been created. When it is a question of industrial action it is much more difficult to find an acceptable definition.

Sanctions

It can also be argued that the wider the coverage of an emergency power, the less easy it will be to enforce.

This raises the question of what sanction there could be against someone who disobeyed an order to stop a strike. The removal of immunities from the organisers of industrial action seems an inadequate remedy in the case of a national emergency.

The only alternative to making the strike organiser liable to fines for breach of an order seems to be to make a strike in defiance of an emergency regulation a criminal offence. This would make both the organiser and the individual strikers liable to criminal prosecution if they disobeyed and continued the strike

Mass prosecution of strikers can hardly, however, be *regarded* as a practical proposition.

Restrictions on workers in essential industries

An alternative approach would be to make it unlawful for certain key groups of workers to take industrial action.

The only current examples of workers for whom strikes are illegal are the police, merchant seamen when they are at sea and the armed forces.

Immunity for trade union funds

Since the Trade Disputes Act 1906, trade unions as such have had a more comprehensive immunity than that conferred upon their officials and other persons acting in contemplation or furtherance of a trade dispute.

This immunity is now contained in Section 14 of the Trade Union and Labour Relations Act 1974. It was unaffected by the changes to the law on immunities made by the Employment Act 1980.

If Section 14 were removed altogether trade unions would still be protected by Section 13 and would, therefore, have the same immunity as a person for acts done in contemplation or furtherance of a trade dispute.

How wide should the immunity for trade unions be?

In recent years interest has focused on the more radical suggestion of bringing the Section 14 immunity for trade unions fully into line with the Section 13 immunity for individuals.

This would mean that a trade union itself could be sued for an injunction or damages and its funds would be at risk if the officials, or even members, of that trade union committed torts—for example organising secondary action beyond the limits laid down in Section 17 of the Employment Act 1980—for which there is no immunity under Section 13.

Conclusion

If the Section 14 immunity for trade unions were narrowed to bring it fully into line with the Section 13 immunity for individuals, thus putting union funds at risk for the unlawful acts of union officials and members:

(a) would the change result in more responsible behaviour by trade unions themselves and by their officials and members?

(b) to what extent would employers in practice make use of the ability to sue trade unions for injunctions and damages in cases of unlawful action?

Proposals for change

A number of proposals for restricting secondary action have been made

(i) No immunity for secondary action

The most far-reaching proposal would be to remove immunity from all secondary action.

(ii) Immunity for specific types of secondary action

Instead of removing immunity from all secondary action, another possibility would be to limit it closely to specific *types* of secondary *action.*

(iii) Immunity for inducing breach of contract of employment

Another approach would be to limit the immunity for secondary action according to the type of contract involved. One such possibility would be to restrict the immunity to inducing a breach of a contract of employment.

The effects of this would be very uncertain.

(iv) Immunity for interfering with the commercial contracts of the employer in dispute

Another proposal is that there should only be immunity for industrial action which interferes *exclusively* with the commercial contracts between the employer in dispute and his customers and suppliers, but not for industrial action which interferes with other commercial contracts to which the employer in dispute is not a party.

This, it is argued, would protect companies not in dispute against the damaging "spin-off" effects of secondary action.

It is claimed, on the other hand, that this approach would make secondary action virtually impossible. This is because it is rarely possible in practice for employees of a supplier or customer to take secondary action which affects only the contract with the *employer in* dispute.

Conclusion

On the one hand, there is a continuing need to provide effective protection for those not involved in a dispute against damaging secondary action, particularly against the kind of indiscriminate secondary action which has been a feature of some recent disputes.

On the other hand, any changes must take account of the industrial reality that secondary action "to exert additional economic pressure on the employer in dispute by sealing off his sources of supply of materials or his outlets for sales or both. . ." is, to quote the Donovan Commission's words, "a familiar aspect of trade disputes."

Picketing

Proposals for changes in the law

It has been suggested that the Section 13 immunity might be limited in respect of picketing to primary action alone. The consequence of this would be that strikers who were not in dispute with their own employer but, say, picketing in the course of a sympathetic (i.e. secondary) strike—even a lawful strike—would have no immunity in respect of picketing at all.

If all secondary action were made unlawful there would of course be a strong case for specifically withdrawing the immunity in respect of picketing in all circumstances except primary action.

It has also been suggested that employers who suffer loss as a result of picketing which is unlawful under the 1980 Act may have difficulty in securing effective redress by means of the existing injunctive procedures.

It has been suggested that a faster and more certain procedure would be to place an obligation on the police to ascertain the names and addresses of pickets at the request of the employer concerned in these circumstances, and that it should be made a criminal offence for the pickets to refuse to supply their names and addresses.

The main objection is that this would involve a breach of what has hitherto been regarded as an important principle in relation to the conduct of picketing—namely the neutrality of the police. Provided that the pickets are peaceful and do not commit or threaten to commit criminal offences the police do not become involved, they are impartial as between employer and picket.

It has been suggested that an alternative approach might be to provide in the law for injunc*tions to be taken out against* "the act of picketing" i.e., against unnamed persons. This, it is suggested, would also deal with the so-called rotation of pickets.

For such a procedure to be effective in the case of picketing, it would be necessary to make provision, on the application of the employer, for defined places to be made "no-go" areas for secondary pickets. They would then have to be kept clear by the police.

Definition of a trade dispute

The immunities from actions in tort for individuals under Section 13 of the Trade Union and Labour Relations Act 1974 (as amended) apply only to acts done "in contemplation of furtherance of a trade dispute."

If a dispute is not a trade *dispute, as defined in legisla*tion, then there is no immunity for the organisers of industrial action which arises from it.

This has led to suggestions that the definition of "trade dispute" itself should be changed. Since the definition applies to the immunity for industrial action generally, this would involve limitations on primary, as well as secondary, action.

Possible changes in the definition

(i) Subject of a trade dispute

The subjects with which a trade dispute must be connected are now listed in Section 29(1) of the 1974 Act.

Some criticism has, however, continued to focus on the requirement that a dispute need only be "connected with" one or more of the matters listed in the Section. This is particularly so following the House of Lords' judgment in the case of *NWL v. Nelson and Woods*.

As a result, it is claimed, trade union officials have virtually complete freedom to pursue disputes of a purely personal *and political character and to* call strikes which have only the slightest connection with the subjects of a trade dispute.

(ii) Political disputes

The present law is silent on the distinction between a political dispute and a trade dispute.

It is sometimes argued that the current law allows far too much scope for trade unions to call strikes which are designed simply to express opposition to public policies or to put pressure on the Government to change them. On this view a change in the law is overdue.

Two possible changes are put forward most frequently. First there is the approach, discussed in paragraphs 190 and 191 above, which would require a legitimate trade dispute to be "wholly or mainly" related to the subjects listed in Section 29.

The second, and more radical, approach would be to remove immunity from disputes with a political element. The difficulty, however, would be in finding a generally acceptable definition of "political."

(iii) Parties to the dispute

Another area in which there has been criticism of the trade dispute definition is in relation to the parties to a trade dispute allowed by Section 29.

Under this Section a trade dispute may be a dispute between employers and workers or workers and workers; and for the purpose of this Section "employers" includes employers' associations and "workers" covers trade unions.

There have been two main criticisms:

(a) that the definition should not include "worker and worker" disputes which do not involve an employer;

(b) that the present definition allows trade unions to be in dispute with an employer when none of that employer's employees are in dispute with him.

(iv) International shipping

It has also been suggested that *special provision should* be made to prevent the blacking of international shipping in British ports when there is and has been no dispute involving the crews of those ships past or present.

It would of course be necessary to continue to allow lawful industrial action to be taken in furtherance of disputes concerning the dismissal of any members of the crews.

System of positive rights examined as simpler alternative

ONE CHAPTER is concerned primarily with the law as it relates to strikes and other industrial action. It concentrates, therefore, on the possibility of replacing the immunities provided by Sections 13 and 14 of the Trade Union and Labour Relations Acts 1974 and 1976, and by the Employment Act 1980, by a positive rights equivalent.

Positive rights in British labour law

The introduction of positive rights into the law relating to strikes and industrial action in Great Britain would be entirely novel step. It would represent a fundamental change from the legal system based on immunities which has *developed over* the last 100 years. This raises major issues which cannot, logically, be isolated from the question whether there should be some general form of Bill of Rights. This is, of course, a wider question than the subject matter of this Green Paper.

Main characteristics of a positive right in relation to strikes

The exact equivalent of the current immunity in a positive rights system would not be a right to strike, but a right to organise a strike. This is not a concept which is recognised in other countries; in most countries the right to organise a strike is held to be implicit in the right to strike itself and other protective rights such as the right to take part in trade union activities. If, therefore, there were to be a positive right *in relation to industrial action* in Great Britain, it is arguable that it should be a right to strike rather than a right to organise a strike.

It would also be necessary to decide whether such a right should override the law of contract. There is also the question of whether a right to strike implies a right not to strike.

The right to lock-out

The immunities apply equally to employers and employers' associations who organise a lock-out. This suggests that in a positive rights system the right to strike might need to be matched with a corresponding right to lock-out.

Definition and limitation of the right to strike

A right to strike or lock-out by itself would leave almost unlimited scope for industrial action. It would therefore be necessary to limit that right in a number of ways.

Corresponding obligations Whose rights?

If there were to be a positive right to strike (or lock-out) the intention would be for it to be exercised by individual employees (and employers). If there were a right to organise a strike, it would have to apply both to individuals and to trade unions if it were to correspond to the existing legal position. This raises the question of whether there would need to be special treatment of trade unions and employers' associations.

If it were desired to achieve the same position as in existing law, the solution might be to retain something like the present *immunity which* prevents trade unions and employers' associations from being sued for any wrongful act. This would, of course, mean that the law would consist of a mixture of positive rights and immunities.

Enforcement

The main consideration is the sanction to be applied to those who overstep the right to strike by taking unlawful industrial action. There are three main questions which would need to be resolved.

First, what is to be the nature of the wrong? In an alternative system there would need to be some new grounds for legal action to replace the common law remedies.

The second question is what remedies should be available to someone who is suffering from unlawful industrial action? In particular, should the main remedies continue to be an injunction and an action for damages?

Third, which courts are to administer and enforce the law?

Positive rights and the common law

The common law provides the basic rights and principles which underlies our legal system. It is, therefore, essential that any new system of positive rights takes account of the common law and vice versa.

Conclusion

It would undoubtedly be a formidable task to formulate a legal system of positive rights to replace the present law. The whole question would need to be expertly examined. But it would first need to be decided whether there was a positive advantage in the establishment of a new system.

1—Would it be desirable to make the fundamental change from the present system based on immunities to one based on positive rights?

2—Would a system of positive rights contribute to an improvement in industrial relations?

3—Would it be clearer, more easily understood and less complex *as a system of law*?

4—Would both employers and unions welcome the obligations that would be involved?

THE PROPERTY MARKET BY MICHAEL CASSELL

Williams and Glyn's to finance scheme

WILLIAMS AND GLYN'S is to finance a new 324,000 sq ft offices and shops scheme to be built by Trafalgar House Developments at the Angel, Islington, in north London.

On completion, which is due in 1984, the bank will own the scheme and will itself occupy the 186,000 sq ft office content of the development. The freehold interest in the land, known as the Duncan Street development and bounded by Duncan Street, Duncan Terrace and Islington High Street, is held by Islington borough council.

The project construction costs are put at about £24m, although a total development cost has not been given. The ultimate price which William and Glyn's pays for the complex will not apparently be decided until development work is finished.

Proposals

The major London site has been the subject of proposals put forward over the years by a number of developers and Trafalgar House first submitted a scheme for consideration at the end of 1979. Planning consent has been obtained after "minor changes" to the plans.

The proposed layout of the scheme—which includes offices, shops, car parking, leisure facilities and a separate residential-workshop element—centres around a multi-storey office tower and a network of pedestrian courtyards and walkways providing access to 7,300 square feet net of shopping space. There will also be a branch bank for Williams and Glyn's.

There will also be links to the Angel underground station in City Road and the new bus facilities at Islington High Street. A feature of the development will be the complete segregation of vehicular and pedestrian.

The scheme has been designed to permit a second and third phase of development to be added at a future date. Construction will start soon, with bored piles being used to avoid loads being placed on the Islington tunnel, which carries the Regent Canal beneath part of the site.

Advisers to Williams and Glyn's are St. Quintin and Fairhursts, the architects. The GMW Partnership are architects for Trafalgar House, who were advised by Sinclair Goldsmith.

The go-ahead for the scheme will represent welcome news for Trafalgar House, which ran into controversy at the end of 1980 because of its demolition of part of the Firestone factory in West London and which has had its proposals to build 175,000 square feet of office space behind Fleet Street rejected by the City planners. The plans are going to appeal.

Fraser-Lonrho fight: seconds out

THE tiresome battle between Lonrho and House of Fraser, with the D. H. Evans sale and leaseback providing the latest ammunition, has this week thrown up some equally fascinating differences of opinion between the two camps' property advisors.

For behind the strident circulars and quotable quotes that have characterised the preliminary skirmishings in the run-up to next week's extraordinary general meeting confrontation, lies the advice of two of the property world's best known names.

On the right (not meant to imply any moral judgement) stands House of Fraser, ably supported by Conrad Ritblat; on the left Lonrho, soundly advised by Healey & Baker.

Able and sound both may be but the latest missive from Lonrho suggests that what the two surveying firms have to say about the Oxford Street deal includes some "serious contradictions" in opinion.

The sale and leaseback concept and its advisability as a policy option can most probably be argued over until Oxford Street reverts to a cart track. Lonrho says it is short-sighted and open-ended while House of Fraser believes it is appropriate for the group to use this method of securing the next phase of its development, which involves extending stores, opening in new locations and introducing computerisation, all of which will now be done in three or four years instead of 10.

Lonrho has attempted to make much of the suggestion that Sir Hugh Fraser and his colleagues had, when the decision to sell was taken, given little thought to the future of the store and had not then even received a letter giving detailed advice from Conrad Ritblat.

House of Fraser this week responded swiftly to that particular accusation, pointing out that there had been long discussions with their property consultants before any decision was reached and that the timing of any particular letter was irrelevant.

Whenever the letter arrived, it showed Conrad Ritblat to believe that the sale and leaseback was a sensible move and that there were grounds for assuming the store offered development potential. House of Fraser has, indeed, subsequently applied for permission to convert the top three floors into offices, leaving the basement, ground and first floors for retail space, to include up to 25 per cent sub-let as shops-within-shops.

In response, Healey and Baker says that if there are such development possibilities then the company would find itself sharing them equally with Legal and General and it should therefore address itself to the question of what potential it was giving away. Before any sale takes place, it adds, redevelopment should be examined with a view to House of Fraser seeing the major benefit.

Healey and Baker also homes in on the prospects for the rent bill in years to come. Lonrho has already pointed out that D. H. Evans, with annual profits running at £500,000, cannot afford the starting rent (subject to five-year upwards only reviews) of £1.9m, but its advisers go on to say that changes in the format of the building could make the terms of the lease less favourable.

House of Fraser has described as a "significant advantage" the agreement that rent will be reviewed in relation to the general level of department store rents, but Healey and Baker points out it could also be based on "other than existing use." So if unit shops were sublet (£60 a sq ft instead of £8 a sq ft for department store space), or other floors became offices, then the basis of the rent review could be changed to House of Fraser's disadvantage.

While Conrad Ritblat believes the sale was the top of the market, Healey and Baker implies that Oxford Street rents have been falling for a year and an earlier deal would have achieved a better price. House of Fraser, which is conducting a group property revaluation likely to show a rise in net assets per share from 180p to between 250p and 300p, says it has a valuation of £27m for D. H. Evans against the £29m sale price.

Healey and Baker tries to highlight what it sees as inconsistencies in Conrad Ritbat's views over the future of Oxford Street. The firm points out that while Conrad Ritblat says it believes the Street will be increasingly hit by competition from suburban shopping centres it still admits that it will probably remain the UK's principal shopping thoroughfare.

Lonrho itself has suggested that if indeed the outlook for the area in general and the store in particular is so uncertain, then why not an outright sale?—given a buyer. In response, Sir Hugh says that, unlike his adversary, he does not subscribe to the "all or nothing" approach.

AFTER A period of "abnormal" rental growth in 1980, the Dublin office market is entering a new phase in which lettings are expected to be more difficult and rents grow at a much slower pace.

This is the view of Jones Lang Wootton's Dublin office which this week published its latest survey of the City's commercial property market. The agents say that while prospects for lettings in 1981 look less attractive, the long term outlook for the market is "favourable" and will continue to provide developers with "considerable opportunities."

The report suggests that the Dublin office market is now due for a "corrective phase," having seen rents increase last year by as much as 40 per cent, with demand for offices outstripping supply to the extent that "for the first time all office buildings completed in Dublin during 1980 were pre-let."

Investment remains at very high levels

INSTITUTIONAL investment in property remained strong in the third quarter of 1980, bringing funds invested in the first nine months of the year close to the total achieved in the whole of the previous twelve months.

Provisional figures from the Central Statistical Office indicate that pension funds and insurance companies together put another £368m into propery during the third quarter of last year against a revised second quarter total of £383m. In the first three months of 1980, investment reached £415m.

So although the level of investment was marginally reduced in successive quarters during the first nine months of the year, the combined investment total of £1.16bn for the January-September period compared with the 1979 twelve-month total of £1.3bn.

The statistics should be treated cautiously, not least because they are subject to substantial revisions and because, as Hugh Jenkins of the National Coal Board pension funds recently pointed out, they conceal a considerable time lag between investment transactions and their emergence in official figures.

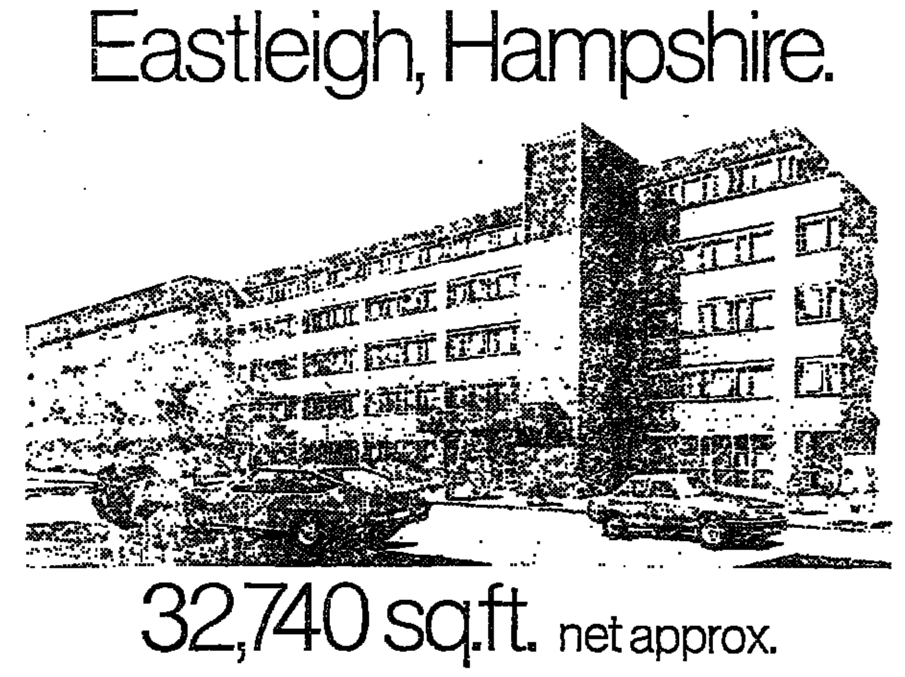
Even so, they provide a clear indication of the continuing interest being shown by the superannuation funds and by insurance companies in the property sector, apparently still happy to purchase—given the chance—on obstinately low yields while at the same time stepping up their own involvement in direct development.

A break down of the new figures shows that pension funds sank another £168m into property investment in the UK during the third quarter against a revised second quarter total of £195m. In the third quarter of 1979 the figure was just £98m.

The insurance companies continue to make the pace, however, putting £200m into real estate during the third quarter compared to a second-quarter total of £188m. In the same period a year earlier, investment by insurance companies reached £145m. The third quarter statistics do not, at this stage, include investment by unit trusts, which in the first half of 1979 put about £33m of their funds into property.

So despite any doubts about the short-term outlook for the sector (someone, somewhere must have some), the attractions of property to a group of investors with time on their side apparently remain strong.

Given this picture, the generally unyielding picture seems set to continue for the foreseeable future.



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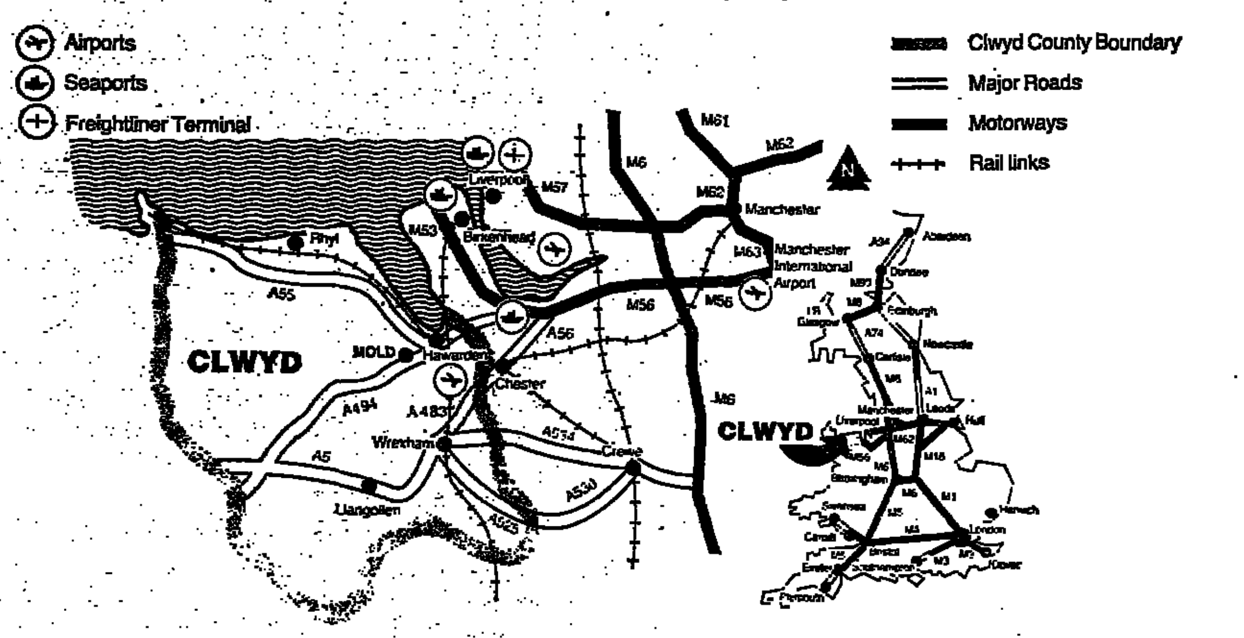

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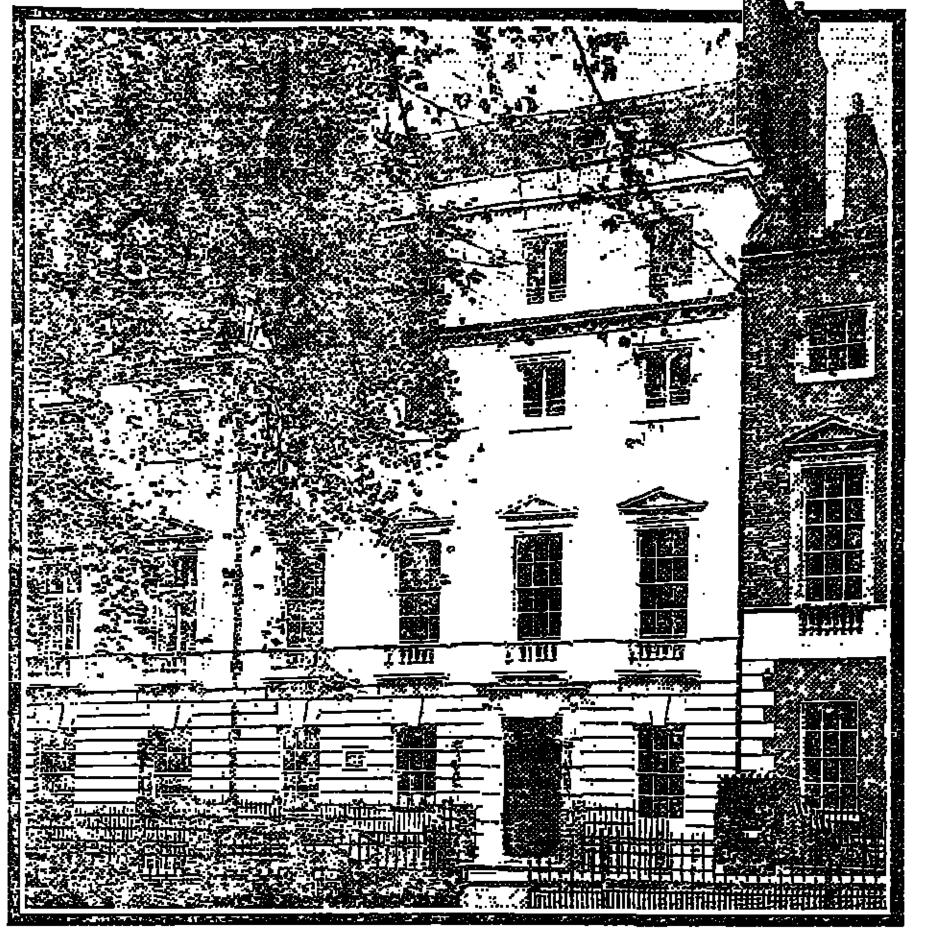

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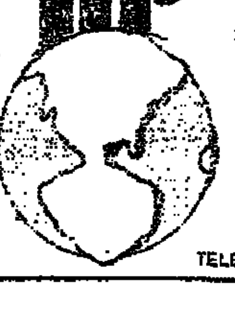

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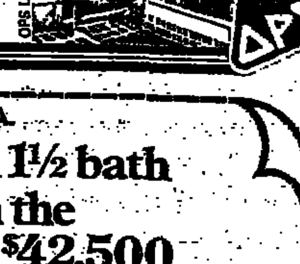

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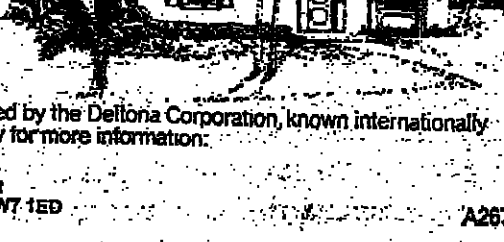

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How Industry Selects its Managers. D. Gill in Personnel Management (UK), Sep 80: p.49 (3½ pages, tables)

Reviews a national survey of recruitment practices: who makes selection decisions and what methods are used. Discusses levels of satisfaction with various procedures, and draws conclusions about trends.

Strategic Planning and the Product Life Cycle. B. M. Enis in Business (USA), May/Jun 80: p.10 (9 pages, charts table)

Reviews strategic planning research and practice, especially in relation to the product life cycle concept, and discusses market and environmental factors that influence it; outlines strategic product/market-matching approaches developed by named consultants/companies.

The Advent of Strategic Information Systems. C. Stiles in Managerial Planning (U.S.), Sept/Oct 80: p.23 (5 pages)

Contends that strategic planning is evolving towards a stage where strategic information will be of crucial importance: in an analysis of decision-making by the Convair aeroplane manufacturing company, demonstrates how the lack of valid and relevant information led to a heavy loss.

Examining a Firm's Performance Potential. M. Leontiades in Business Horizons (U.S.), Aug 80: p.61 (6 pages, charts, tables)

Describes an approach to forecasting the performance of units, sectors or products within a business by evaluating past performances, testing them against objectives, screening them to isolate under-performers, defining the resources needed to upgrade low performance, and deciding which to keep.

Business Policy Formulation. R. McLellan + G. Kelly in Journal of General Management (UK), Autumn 80; p.38 (9 pages, charts)

Analyses approaches to the formulation of policy in unnamed European companies: bottom-up, top-down, and combinations of the two; examines their characteristics, information bases, and impact on the organisations.

Penn Central proves there is life after death

David Lascelles reports on the former railroad company's recovery from bankruptcy

AS CHRYSLER teeters towards the brink, another company which had journeyed along the road to financial disaster has staged a rather dramatic comeback.

It was just over 10 years ago that Penn Central crashed owing $4bn, the biggest bankruptcy in U.S. history. Yet now, in a New York skyscraper located just across the street from the fading marble magnificence of Grand Central Station, Penn Central Corporation is back in business. Last year it piled up profits of $100m and even had the financial muscle to launch a take-over bid worth $630m. And yesterday it completed the final phase of its recovery by paying off the last $2bn of those huge debts.

What happened in between shows what reorganisers with a lot of patience and a compliant Government can do with a stricken concern, though no one is suggesting that it offers any solutions for Chrysler. Railroads are a public service, car-making is not.

Relief

Penn Central has already been back for over two years, and anyone who bought its shares when trading resumed in October, 1978, would already have more than doubled his money. Needless to say it is a vastly different and smaller outfit than the one that went broke. Notably, it has nothing whatsoever to do with railways, to the relief of its new management (though its chairman, Richard Dicker, keeps an oil painting in his office showing a grand old steam engine hauling a passenger train in 1934 to remind him of how the railroads built the U.S. economy).

Penn Central's salvation lay in the fact that, in the years before the crash, the railroad had begun to diversify into new businesses: real estate, energy, pipelines and amusement parks. Ironically, these ventures were bitterly criticised at the time as a waste of money. But they were still profitable at the time of the bankruptcy, and the reorganisers eventually decided to disentangle them from the wreck of the railroad, and package them together into a new company. The railroad was then transferred to a government-sponsored company called Conrail.

This process took eight years.

THE REVIVAL OF PENN CENTRAL

	First 9 mths. 1980 $m	1979 $m
Net sales and operating revenues	1,452.5	792.4
Energy	864.0	476.5
Living-Leisure	396.4	315.9
Diversified inds.*	192.1	—
Net income†	141.3	91.5

* Consists mainly of Marathon Manufacturing which Penn Central did not own in 1979.

† Before tax. However, Penn Central does not currently pay federal tax.

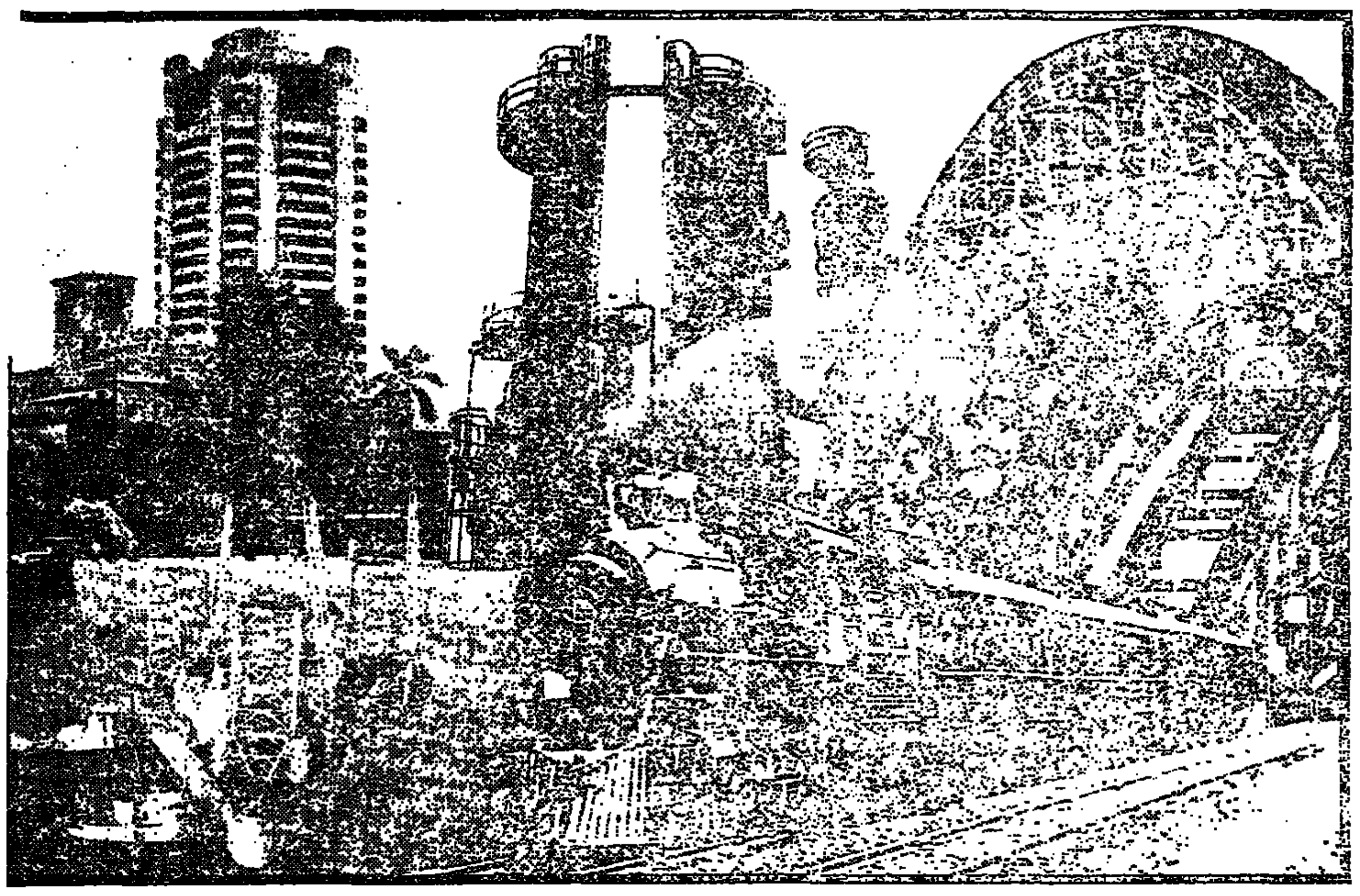
But even though huge chunks of Penn Central's valuable real estate (including some of the choicest sites in Manhattan) were sold off to help pay the debts, the new company still owed $2bn when it was relaunched. The businesses it inherited brought in revenues of about $600m a year and profits of $50m, hardly enough to support such a huge load of debt. But Penn had a couple of other rather unusual assets as well.

One was its claim against the U.S. government for compensation for the railway business that had been taken away. It might seem dog-in-the-manger to sue someone who has done you the favour of taking a crippling business off your hands, but this is what Penn Central did, demanding $3.5bn. Attempts to reach an amicable agreement had failed because the government was only prepared to pay $500m whereas Penn originally wanted as much as $7bn. So the matter had to be settled in the courts.

Tedious legal proceedings followed, ending last November with agreement that Penn should get $1.46bn. But since this sum should have been paid on the transfer date on April 1, 1976, Penn is also to get interest of $650m.

The total of $2.11bn was paid to Penn Central yesterday. The company will immediately deploy the funds to pay off the rest of its debts, leaving it with about $200m to add to the corporate coffers. For the first time in over a decade, Penn Central will have a clean balance sheet.

Penn's other asset was a large sum of tax loss carryforwards. This is an accounting procedure which allows a company to set



From its origins as a U.S. railroad, Penn Central has emerged as a budding conglomerate with interests in leisure (Boca Raton Hotel and Club), energy (Edgington Oil Company's refinery at Long Beach, Califo rnia), and amusement parks (Great Adventure park, New Jersey)

one year's losses against the profits of another and reduce its tax liability, the idea being to help smooth out uneven results. Thanks to the railroad's highly uneven results Penn Central had about $2bn worth.

Unfortunately, carryforwards expire after a certain number of years, which varies depending on how they were incurred. And since Penn Central made its losses some time ago, hundreds of millions of carryforwards have already gone by the board. However, it still reckons to have $600m worth to use between now and 1985, more if some pending tax rulings go the right way.

This helps Penn in a couple of ways. Obviously, it greatly increases net earnings because Penn pays no tax. But more important for the company's corporate strategy is that it provides a strong incentive to go out and make acquisitions, because the carryforwards can be applied to the consolidated earnings of new subsidiaries as well. This means Penn Central can look for a return on an acquisition that is far higher than a full tax-paying company would get.

So Penn has hit the takeover trail in a big way, not just to reassert itself, but to make the most of the tax bonanza.

The man responsible for all this is Richard Dicker, a portly 66-year-old insurance company lawyer who previously worked for the Equitable, one of Penn Central's biggest creditors. During the reorganisation, he chaired the committee of institutional creditors, and was appointed chairman of Penn at the relaunch.

Dicker has impressed Wall Street with his vigour. In only two years, he has made 12 acquisitions, the biggest being Marathon Manufacturing, the leading U.S. maker of oil rigs (and one-time owner of the British Clydebank yard), for which he paid $345m. Last year he also bid $630m for GK Technologies, one of America's biggest makers of electric cable. But he called that deal off when he discovered that a GK subsidiary was responsible for the wiring in the MGM Grand Hotel, Las Vegas, where a devastating fire claimed 82 lives in November.

Dicker is now casting around for something else to buy, and not surprisingly investment bankers are buzzing round him like bees at a honeypot. Broadly, he wants to expand into energy servicing (not direct production because it is regulated—"like the railroads," he says wryly), leisure activities, and marine industries. "I want to build this company to two, three even four times its size in the next few years," he says.

But Penn Central is also having to prepare for the day when it has to pay taxes (and for that matter dividends). That task falls to Richard Voell, Penn's 47 year old president who was hired only 18 months ago from Beatrice Foods in Chicago. He recalls that when headhunters approached him he recoiled at the thought of joining a bankrupt railroad, thinking like everyone else that Penn was still in the transport business.

But after some sessions with Wall Street bankers he says he was convinced that Penn Central was one of the most interesting business opportunities he had ever come across, a view which seems to be borne out by the way the stock market has bid up the company's shares. Relaunched at $18, they have recently been trading at over $40.

Penn's businesses are a bit of a hotch potch. For convenience they are classified in three broad areas: energy, living-leisure, and marine industries. But they include the operation of one of the largest private fuel pipeline systems in the U.S. (one of which serves New York's JFK airport), a small refinery, some resort developments, mainly in Florida, six amusement parks, two wax museums, and Marathon Manufacturing.

Voell admits that the grouping is not ideal, and he has launched a study to see whether any should be redeployed or sold off. But whatever happens, Penn is now a budding conglomerate—a string of largely unrelated businesses held together by a parent company. Given that Penn Central reached its present state by anything but natural evolution, that poses special operational strains.

Voell is trying to overcome them by strengthening the staff's sense of corporate identity. Recently he introduced a salary system that remunerates his divisional executives partly by how well their own sections of the company are doing, partly by how well Penn Central does as a whole. It seems to be working. The energy group last year devised a scheme to sell petrol at the amusement parks, which helped profits and pleased Voell.

But no matter how well Penn Central does, the whiff of bankruptcy with which its name is associated could take years to be killed off. Yet Dicker is keen not to change it.

Ill-fated

"We could call ourselves any name you like," he says, "but the Press would still tag on 'formerly Penn Central.' We could also call ourselves the New Penn Central, but that also has unfortunate associations," he added, referring to Chrysler's ill-fated atempts to clean up its image by calling itself the New Chrysler Corporation.

"Any company which deals with us knows who we are," he says.

One company which knows only too well who Penn Central is, alas, is poor Conrail, which is losing hundreds of millions of federal dollars a year trying to keep the railroad going. No wonder Dicker says: "Penn Central wants nothing more to do with the railroad business."

Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

Continuous dyeing of blended fabrics

THE DAYS of 100 per cent cotton fabrics in developed industrial countries have long since gone, to be replaced by the ubiquitous polyester/cotton blend. This fabric, however, is based on the use of two widely differing fibres which, although imparting the best of the two, presents processors with problems, not least of which are the difficulties of dyeing and printing as the polyester fibre behaves very differently from the cellulosic cotton content.

Thermosol high temperature treatment has long been used as a system of applying dyes to blend fabrics, but this frequently is a two-stage process with each of the two components being dyed separately and this means that production problems are created. Added to these difficulties are dangers of shade variation from side to side as well as a difference between one side of the fabric and the other.

Now a completely new treatment process has been developed which converts thermosol dyeing into a single-stage, continuous process by only minor modification of existing thermosol equipment.

Already a unit is operating on wide-width polyester/cotton sheetings at the plant of Lonrho Textiles. It has substantially increased processing speeds and enables sheetings to be dyed to light, medium or even dark shades continuously by using disperse/reactive (e.g., Procion MX from ICI) dyes in the bath. Even running at the old speed this means a doubling of production by elimination of one process.

The new development has been produced in collaboration with the Organics Division of ICI by Kidd and Zigrino (Mfg.), Britannia Trading Estate, Buxworth, Stockport SK12 7NF (Whaley Bridge 3268). The conventional infra-red units of the thermosol processing equipment are removed and replaced by a double bank of Kidd and Zigrino infra-red units which are adjustable on both sides of the fabric so that a heat gradient can be generated between the incoming fabric at the foot of the unit and where it emerges at the top.

The fabric setting chamber itself remains unchanged and it is the capacity of this that is the only limiting factor as far as processing speeds are concerned. When the dyed fabric, which has had the dyestuff padded on to it at the entrance to the double unit, emerges it will have been dried down to a residual moisture content of about 30 per cent.

Typical of the processing speeds that can be achieved is say a 40 oz/sq yd polyester/cotton of say 110 ins width which can be processed in pale shades at some 100 metres/min, and in mid to dark shades at 80 metres/min, with a fixation time of 70 seconds at a temperature of 210 degrees C.

The conversion equipment can be fitted to existing ranges without incurring excessive expense and it is versatile enough to make it feasible for processing even short runs of fabrics up to say 5,000 metres, although it is obviously used to best advantage on long commercial runs.

Solves a nutty problem

AMERICAN pistachio growers call nuts with slightly opened shells, "smilers," and use less benign terms for tons of other unmarketable nuts which are tightly closed. Consumers paying US$2.5 for a handful of salted and roasted pistachios are naturally disgruntled to find a high proportion of the nuts are shut tight, and the customers' dissatisfaction wipes the smile off the faces of the growers.

Thanks to a British development, which seperates smilers from closed nuts and passes them to a further machine which induces closed nuts to open naturally, there is now no loss in stocks.

The heart of the plant is a "doser, cracker, quick drier" machine which deals with the closed nuts, but is only part of a continuous processor taking the harvest from unclassified intake through electronic colour sorting, open-from-closed separator, size grading and thence to "smiling" output.

Solving this nutty problem is Gunson's Sortex, Fairfield Road, London E3 (01-980 4888).

Demand for fuel from waste burns low

BY ELAINE WILLIAMS

A PIONEERING project in the UK which turns domestic and industrial waste into a low-cost, usable fuel in having difficulty in the conventional fuels market.

For more than 18 months now, under the auspices of the East Sussex County Council, Buhler-Miag, the Swiss-owned engineering company, has been operating Britain's only waste derived fuel plant. This produces a solid fuel which can be burned like coal.

Despite the fact the fuel pellets are up to 50 per cent cheaper than coal for the equivalent energy produced, the company is finding it difficult both to attract new users to this alternative energy source and to obtain finance to build new processing plants. In particular, it has been hit by cuts in local authority spending.

The plant, based at Eastbourne, Sussex, has only one customer for its pellets — the Brighton coal-fired power station. It supplies all its output—20 tonnes a day—to the power station. This is only a tiny fraction of the station's consumption of around 400,000 tonnes a year.

When the plant was first opened, Buhler-Miag co-operated with local companies using industrial boilers to produce pellets which could be burned in conventional boilers. However, there has been consumer resistance to the pellets despite the claimed savings.

Quality

One of the reasons why customers may be reluctant to use the new fuel—apart from the fact that the pellets smell like old, mouldy cabbage—is that its quality is variable. This is because the consistency of domestic and industrial waste varies according to the time of year. Potential customers may feel that they will not buy the pellets until there are guarantees that the quality will remain the same whatever waste material is used.

Finance for the Eastbourne project was provided by the International Energy Bank, which takes an active interest in alternative energy, particularly in the recycling of waste.

Originally, the project was run by East Sussex County Council in conjunction with Buhler-Miag and Asthall Holdings. Last November Asthall Holdings withdrew from the project because it "was unable to find the appropriate financial guarantees" to keep the operation running. This role has now been taken over by the Nottingham based company, NCC Rexco.

Development work on the process started several years ago at Buhler-Miag's laboratories in Switzerland, although the Eastbourne plant was not opened until August 1979.

The Eastbourne plant takes in refuse collected by the local authority. Waste travels by conveyor into two hammer mills which reduce the size of the material to only four or five inches in length. Any ferrous material is removed magnetically before the waste enters a rotating sieve drum.

Heavy materials, such as glass, fall through the drum and are rejected. The remaining refuse is fed into an air classifier which separates the heavy fraction of fine waste such as wood, metal and plastic from the lighter fraction which is mainly composed of cellulose and organic material.

Grinding process

It is from the lighter fraction that the fuel is made. The fraction is fed through a grinder to reduce the particle size to about half an inch and then fed to the pelletising machine which compacts the material under high pressure into sausage-shaped dark-grey pellets.

The ferrous metals which were removed magnetically are fed into their own compacting machines and the bundles of ferrous metals are sold as scrap.

Buhler-Miag had hoped that other local authorities would follow East Sussex's lead and support the construction of more waste-derived fuel plants. Government spending cuts, however, have reduced the likelihood of this happening.

The company's expertise in the treatment of rubbish has not been wasted, however, as it has built processing plants in the Far East which turn the organic matter found in domestic waste into compost which is used to reclaim desert areas.

Throughout the world there is increasing interest in the potential of waste-derived fuels. The Energy Technology Support Unit at Harwell, Oxford, claimed at an international energy conference in Brighton last November that the equivalent of 30m to 50m tonnes of coal a year could be obtained by converting urban and industrial waste, trees and plants into solid, liquid or gaseous fuel. This could supply between 8 and 13 per cent of Britain's energy needs a year, the unit said.

Telemetry system from Fisher Controls

TELECODE 80 is the name of the latest telemetry system from Fisher Controls' telemetry systems division, Leicester (0533 871331).

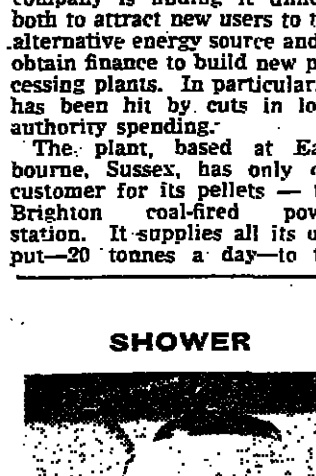
Basically it consists of a master transmitter card at one end of a communications link (line or radio) and a master receiver card at the other. This basic configuration can transmit up to 15 status inputs and operates in the voice frequency band via modems.

However, the system can be expanded by adding cards to the master card at each end—they are simply added in the same sequence at the two ends and each addition provides an extra 16 status (that is, electrical on-off actions) and eight analogue channels (a voltage varying according to some varying physical parameter such a temperature or pressure). Addition of cards merely lengthens the transmitted data stream on each scan.

This data is continuously retransmitted, the speed of "refresh" being dependent on the speed of the communications link and the amount of data to be transmitted. For example, a system of 31 status inputs and eight analogue inputs is updated every 4.2 seconds at 50 baud.

NEWS IN BRIEF

SHOWER



WALKER CROSWELLER of Cheltenham manufacture emergency drench shower, pictured above. It delivers 19 gallons of water a minute, enough, the makers claim, to saturate a user instantly and wash away any chemical contamination. Walker Crosweller is on 0242 514418.

WIREMAKING

HIGH SPEED crack and flaw detection in drawn or extruded wire products is possible with the Teledictor 1261 monitoring instrument. It is able to handle all types of coil-wound products and can work at speeds compatible with modern draw mills for ferrous or non-ferrous materials up to 5 mm diameter.

The drawn wire is passed through the sensing coil of the instrument, which can work at one of three frequencies to suit wire material and size. By correlating the turns of the capstans with the passage of the wire it is possible to scan unit lengths of wire for defects and establish the incidence of defects in a particular length.

A multiple display unit provides a record of number of scanned lengths, number of defects per length, cumulative total of coil length and cumulative total of defects in a coil. Teledictor is at Tipton, West Midlands on 021-557 3056.

COMMUNICATION

BETWEEN JANUARY 26 and 30 Standard Telephones and Cables plans to hold demonstrations of a "teleconference" system made by Darome Inc. of Harvard, Illinois, the technique already having met with considerable success in the U.S.

But, says the company, the idea has not been widely accepted in Europe as a means of confering without actual physical meetings, even though there are obvious cost savings in terms of travel, hotel bills and lost executive time.

STC says that although equipment can be offered by British Telecom for the purpose, it limits the connected locations to eight (five internationally) whereas up to 120 stations can be incorporated in the U.S. Wisconsin University for example, recently connected 20 locations to conduct a seminar.

Such conferences can be backed up with devices like slow scan television and teletypewriters so that drawings, tables and other graphics, including handwriting, can be transmitted between the locations.

The demonstrations will be held at STC's Enfield, North London location—telex Sharon Briggs on 21917.

SAFETY

THE HOMING receivers used in rescue operations to receive signals at the international distress frequencies can be checked and tested using a hand-held signal source put on the market by Techtest of Witney, Oxfordshire (0993 73601).

There are two versions, one for the airborne frequency band and one for marine frequencies. Output of the devices is extremely limited, to avoid raising false alarms or interfering with genuine distress calls. They cannot be inadvertently activated.

OFFICE SYSTEM

A COMPACT office computer system from Philips Business Systems, costing about £8,500, can handle both data and text and provides the advantage of flexible disc storage with continuous stationery records while retaining the frontfeed visible record cards which have featured in many Philips machines of this type.

Known as the P308, the machine is backed by an extensive software library which includes standard accounting applications for invoicing, stock control, payroll, and costing.

Also available is a new administration services package—a text handling facility for up to 200 pages of A4 information. These texts can be integrated with master disc files to produce individual letters to customers and personnel, and labels for stock items.

LITRE METER

PETROL retailers are being sent a booklet by BP Oil setting out the options available on pump conversions. The booklet explains the necessary preparatory steps as well as stages in conversion from gallons to litres and gives some idea of costs. These range from £35 on modern pumps to more than £200 on the older ones.

Entitled "Can You Meter a Litre?" it is available from the Retail Metrification Dept BP Oil, BP House, Victoria Street, London SW1E 5NJ (01-821 2159).

DICTATION

A PALM-OF-THE-HAND machine just released by Sony weighs only 12 ozs but is claimed to provide the facilities of an advance desk-top dictating machine.

Controls can be used with equal ease whether the machine is on the desk or in the hand and the unit, designated BM600, provides up to two hours' dictation on a micro-cassette.

Accessories include earphone, microphone and mains unit; the secretary can use a foot control unit. Basic price is about £150. Sony (UK) is at Sunbury-on-Thames (09327 87644).

MAINTENANCE

BUSY maintenance engineers coping with problems of keeping existing floors repaired and safe, yet unable to afford repairs with conventional materials taking days to lay and cure, should benefit from a cost-cutting idea launched by resin-system specialist, MBS Resins, West Carr Road Industrial Estate, Retford, Nottinghamshire (Retford 705252).

The product "Patch Pack" is a two-part acrylic system that is simply mixed together and then trowelled into the area needing repair. Primer for damp concrete or asphalt can be supplied, says the company, and the mixed material for patching floors remains workable for about 15 minutes, yet dries out ready for normal work in about an hour.

LOMBARD

Losing money in the euromarkets

BY JOHN MAKINSON

A SURPRISING aversion to the making of money has developed among those highly-paid bankers whose function it is to price and issue dollar eurobonds. After a year in which at most a handful of the leading issuing houses turned a profit, they welcomed 1981 with one of the most disastrous weeks in the eurobond market's brief history.

All was well during the closing months of last year. The record level of U.S. interest rates frightened away borrowers and issuing banks were consequently unable to make losses of any size. This happy equilibrium was dramatically disturbed early last week as the fall in U.S. rates brought borrowers back to the market in droves. By Thursday evening, issuing banks had launched dollar eurobonds totalling over $1bn.

Adjustment

Most of them will show substantial, and unnecessary, losses on these transactions, principally because of an arrangement known in the euromarket as the "bought deal." In a bought deal, competing groups of banks present a borrower with terms on which they are prepared to lend and the borrower selects the most attractive option. The flaw in this system is that, once presented, banks cannot change the terms. The traditional "open pricing" method of issue, by contrast, allows banks to adjust conditions of the bond at the last moment in the light of demand and changes in bond market prices.

The "bought deal" method has come increasingly to dominate the eurobond market, even though it is patently unsuited to the highly volatile conditions of the past year. Last week, for example, banks launched bonds just before a sharp resurgence in U.S. interest rates.

By the end of the week, the rates on the bonds looked far too low and, unable to change the terms, banks were obliged either to sell them at a loss or hold them on their books in the hope that rates would fall again. The past year has shown that this can also be a highly expensive exercise.

The bought deal has appealed to issuing banks because it sometimes enables them to snatch a mandate from other banks which have a long-standing relationship with a borrower. By offering a package deal on set terms, an aggressive consortium can undercut an open pricing offer from another group which may have arranged all the borrower's previous dollar issues.

To succeed in this kind of Euro-piracy, a consortium must be able to offer very tight terms. Last week, banks launched deals which looked ridiculous against yields on older issues. They were clearly gambling that U.S. bond yields would fall further by selling time. When the reverse happened, they were left high and dry.

To offer terms for long-term fixed-interest money on the basis of an expected spurt in U.S. bond prices is highly damaging to the market. The practice of bought deals, in which bonds are mostly placed with co-managers rather than distributed among an underwriting syndicate, has already driven a score of participants from the market-place.

It is most unlikely that the German system, through which a group of domestic banks regulate the volume of the DM sector, would function effectively in London which is where most of the issuing is arranged. The number of market participants is simply too large.

Far-sighted

The onus lies principally on the banks themselves only to accept deals which make economic sense. At present, they are still concerned by the prestige of securing a large mandate, even when a loss seems almost certain. They are also wary of turning down a co-management role in case the lead manager involved turns down their own syndicate on a later issue. Equally, however, borrowers must be prepared to take a more far-sighted view, and, when necessary, pay a ¼ per cent more in order to ensure a smoothly functioning market for their bonds and a solid reputation for themselves as issuers.

The World Bank, normally the largest borrower of all on the market, is already conspicuous by its absence. Mr. Eugene Rotberg, the bank's treasurer, said in London this week that he was not interested in doing deals with banks "which will go to the graveyard in search of a tombstone."

Living with an Admiralty folly

BY WILLA OWEN

AROUND BRITAIN

ALDERNEY

A GIANT breakwater constructed by the British Admiralty in mid-Victorian times as part of a grandiose plan to counteract the French naval build up and transform the Channel Island of Alderney into a mighty base for the British fleet, is now the centre of a monetary tug-of-war as to who should continue to pay for its upkeep.

Two years ago Alderney agreed, after well over a century, to take up part of the annual bill, previously borne by UK taxpayers alone, and make an annual contribution to the upkeep of the mammoth 280-ft-long sea wall at Braye Bay.

Alderney's offer was 5 per cent "excluding major repairs and storm damage," with an upper limit of £5,000. As it is thought unlikely that maintenance of the sea wall will be less than £100,000 a year from 1981 onwards, the Home Office has been urging the isand to review its offer.

It is understood that the most Alderney will consider is index-linking the £5,000 contribution to its 1978 value. Mr. John Winckworth, Alderney's Finance Committee chairman, has pointed out that such a sum represents £2.50 per head of the 2,000 population — equivalent to about £125m in the UK.

Residents of the 3½-mile by 1½-mile island, living under the shadow of this costly white elephant, are quick to underline that the breakwater does not belong to Alderney at all.

It was built by the Admiralty between 1847-64 as the first stage of a plan to make the island a major base for the British fleet, and as an answer to the French naval build-up at Cherbourg. Doomed to obsolescence before it was even finished, the scheme included a complementary ring of ten forts strung around Alderney.

Local fishermen maintained from the beginning that the breakwater was being built in the wrong place and would destroy a perfectly good harbour which had served the island for generations.

Naval architects designed it for shallow rather than deep water, with the result that a further 600 yards—found impossible to maintain—today lies hidden below the sea.

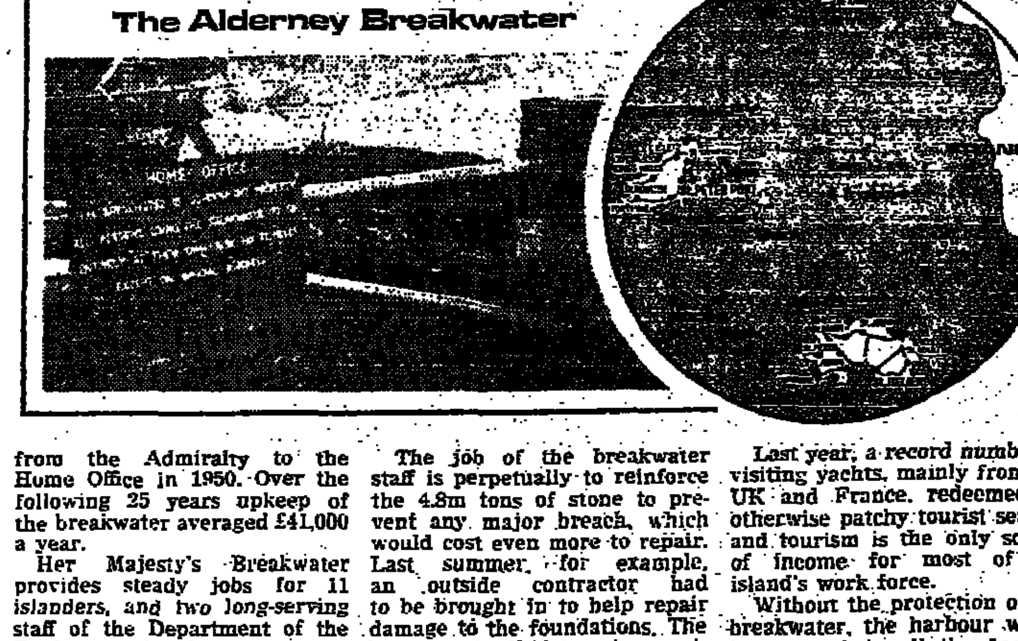
The present town of St. Anne, with its cobbled streets and parish church, was developed to serve a population dramatically swollen within ten years by labour imported to work on the project and by a garrison to man it. The population in 1861 rose to nearly 5,000, against around 1,500 in 1851.

The breakwater was a big spender even as far back as 1864, when the cost of building it was found to be approaching the then staggering figure of £1¼m, even though plans for a second mole had been abandoned. A shocked Treasury called for a special inquiry by a Select Committee of the House of Lords.

"The superstructure is of Cyclopean dimensions," commented the Committee in 1872. Its findings have never really been improved upon. Broadly they were that it would be too costly, and perhaps impossible, to demolish the breakwater, and therefore it should continue to be maintained "for a few more years."

Since then, the succession of British Government departments that have looked after the breakwater include the Board of Trade, the Admiralty, the Office of Woods, Public Works and Buildings and, today, the Department of the Environment. Financial responsibility was transferred from the Admiralty to the Home Office in 1950. Over the following 25 years upkeep of the breakwater averaged £41,000 a year.

The Alderney Breakwater



Her Majesty's Breakwater provides steady jobs for 11 islanders, and two long-serving staff of the Department of the Environment figure among Alderney's 12 local MPs. One is Mr. W. Clarke, who returned to his native island after the German occupation in 1940-45.

The other is Mr. Jackie Bates, who arrived from England over 30 years ago to work on the breakwater. He is Superintendent of Works, having served his way to the top of the sea-wall.

The job of the breakwater staff is perpetually to reinforce the 4.8m tons of stone to prevent any major breach, which would cost even more to repair. Last summer, for example, an outside contractor had to be brought in to help repair damage to the foundations. The last time really extensive work was carried out was in 1962, when the sea breached 120 feet of stonework in 25 minutes.

With boulders twice the size of footballs flung casually over the barrier in average rough conditions, and huge waves sometimes breaking over the far end of the wall, work schedules have to be geared to wind, tides and ground-swell.

Last year, a record number of visiting yachts, mainly from the UK and France, redeemed an otherwise patchy tourist season, and tourism is the only source of income for most of the island's work force.

Without the protection of the breakwater, the harbour would be exposed to all the fury of wind and waves from the Atlantic. The popular holiday beach at Braye and even the houses along this stretch of coastline, would all be swept away. So while the cost of maintaining the mole may be formidable, in the last resort Alderney cannot do without the shelter provided by this Jules Verne-like conception.

Army Lad to march in at Ascot

RACING

BY DOMINIC WIGAN

PROSPECTS OF racing at Newcastle seem slim, but provided that there has not been a particularly severe overnight frost the Ascot card today will be safe. No inspection is planned at the turf's premier course. However, the stewards and clerk of the course will be out on the Gosforth Park track at 7.30 am.

It will be a blow to many in the North-East and Scotland if Newcastle has to be abandoned, for Night Nurse is one of three declared for the £10,000-added Pintail Chase. The former champion hurdler, who has already amassed almost 12 times that amount in first-prize money over hurdles and fences, usually does well here.

If his jumping is not impaired by his unpleasant fall at Kempton on Boxing Day, Mr. Reg Spencer's 10-year-old should prove capable of giving weight and a beating to Rambling Jack and Kenlis.

Ten minues before Newcastle's major chase, Ascot racegoers ought to see an intriguing duel between Accelerate and Army Lad in the Thunder and Lightning Novices Chase which has also attracted an Irish raider, Looking Down.

Accelerate put up a fine performance following a long absence from a racecourse when galloping away with Newbury's Wantage Novices Chase on January 3, but I suspect that the more experienced Army Lad, to whom he will try to concede 4 lb, will come out on top.

At Ludlow, three weeks before Accelerate produced a near perfect display of jumping on the Berkshire track, Army Lad had cleared his fences with equal fluency in beating Milliondollarman by six lengths on level terms.

There has been no more remarkable performance seen this season than that by Martinstown in carrying 24 lb overweight to victory in Cheltenham's Bass Handicap and many will be willing him to gain a repeat in the Green Highlander Handicap. The Martin-based gelding—who took nearly 10 minutes to cover the four miles of the Bass race—seems sure to run well, but I find it hard to envisage him coping with the year-old Approaching.

Josh Gifford's leading three-mile chaser, who ran well under an extremely injudicious ride by Bob Davies in the Gold Cup, put up a reasonably encouraging display on his comeback in the Mandarin Chase at Newbury just less than a fortnight ago. He is taken to concede 11 lb to Mender, the neck runner-up to Doddington Park in Lingfield's Dick Francis Handicap last time out.

ASCOT

1.00—Bishops Bow*
1.35—Grand Trianon
2.05—Coffee Boy
2.35—Army Lad***
3.05—Approaching
3.40—Fledge

NEWCASTLE

1.15—Starlight Lad
2.45—Night Nurse**
3.15—Mole Catcher

† Indicates programme in black and white

BBC 1

12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill at One. 1.45 How Do You Do. 3.20 Croesi'r Ffin. 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 am). 4.20 Laurel and Hardy in "The Bullzick." 4.25 Jackanory. 4.40 Think Again. 5.05 Grange Hill. 5.35 Ivor the Engine

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 Sportswide.
7.00 The Superstars.
8.00 To Serve Them All My Days by R. F. Delderfield.
8.50 Points of View
9.00 News.
9.25 Miss Great Britain 1981.
10.15 Peter Skellern (London and South-East only).
10.45 News Headlines.
10.50 Royal Heritage.
†11.50 Late Film: "Vice Squad." starring Edward G. Robinson.

All Regions as BBC 1 except as follows:—

BBC Cymru/Wales — 1.45-2.00 pm O Dan Y Mor. 4.45-5.05 Siams Sione. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.30 Eira Ddoe. 8.00 Tomorrow's World. 8.25-8.50 Triangle. 10.15 Music Makers. 11.05 News for Wales. 11.06 Royal Heritage. 12.05-1.37 am The Late Film: "Sam Whisky."

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 The Evergreen Years. 10.45-10.50 News for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 1.20 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich): Look North (Leeds): Look North (Newcastle): Look North-West (Manchester): Midlands Today (Birmingham): Points West (Bristol): South Today (Southampton): Spotlight South-West (Plymouth). 10.15-10.45 East (Norwich) Weekend: Midlands (Birmingham) Midlands Tonight: North (Leeds) Politics North: North-East (Newcastle) Mike on Friday: North-West (Manchester) Home Ground: South (Southampton) The Pacemakers: South-West (Plymouth) "The Mechanics . . . Keepin' the Show on the Road": West (Bristol) A Barrage of Questions.

BBC 2

11.00 am Play School.
5.40 pm Cartoon Two.
5.45 Monkey.
6.30 Speak For Yourself
6.55 When the Bough Breaks.
7.10 Mid-evening News.
7.20 Oxford Road Show.
7.55 In the Country
8.25 Reagan's Republicans
9.00 Playhouse.
10.00 Darts: Embassy World Professional Championship.
10.45 Newsnight.
11.30 Darts (further coverage).

LONDON

9.30 am The Masterbuilders. 9.55 Wild Canada. 10.45 Young Ramsay. 11.35 Superstar Profile. 12.00 The Magic Ball. 12.10 pm Once Upon a Time. 12.30 A Better Read. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Together. 2.00 After Noon Plus. 2.45 Friday Matinee: "Letters From Three Lovers." 4.15 Dr. Snuggles. 4.20 The Adventures of Black Beauty. 4.45 Animals in Action. 5.15 Clapperboard.

5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Family Fortunes.
7.30 Vegas.
8.30 The Gaffer.
9.00 The Good Companions.
10.00 News.
10.30 Benson.
11.00 The London Programme (The boom in private medicine).
11.35 Mannix.
12.30 am Close: Personal Choice with Richard Easton.

All IBA Regions as London except at the following times:—

ANGLIA

1.20 pm Anglia News. 2.00 Houseparty. 2.25 Feature Film. "Flaming Frontier," starring Stewart Granger. 6.00 About Anglia. 7.30 The Incredible Hulk. 10.30 Seven Days Unemployment Special. 11.00 Soap. 11.30 Friday Late Film: "Escapade: I Trought It Was Someone I Knew." 12.30 am At the End of the Day.

ATV

9.40 am Hot Stuff. 9.50 Call It Macaroni. 10.20 Arts For Whom? 11.10 Chopper Squad. 1.20 pm ATV News. 2.45 Movie Matinee: "Call Her Mom." 6.00 ATV Today. 7.30 Charlie's Angels. 10.30 Soap. 11.00 ATV News. 11.05 The Fabulous Fondas: "The Hired Hand" starring Peter Fonda.

BORDER

9.35 am Tarzan. 10.30 Morning Cinema: "Charlotte's Web." 1.20 pm Border News. 2.45 Matinee: "Lost In The Desert." 6.00 Lookaround Friday. 6.30 Survival. 7.30 Charlie's Angels. 10.30 Your MP. 11.00 Quincy. 11.55 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where, and Weather. †2.45 The Friday Matinee: "My Girl Tisa." 6.00 Channel Report. 6.30 Encore. 6.55 What's On Where. 7.30 The Incredible Hulk. 10.28 Channel Late News. 10.36 Soap. 11.05 SWAT "Witness." 12.00 News and Weather in French.

GRAMPIAN

9.40 am First Thing. 9.45 Stars on Ice. 10.10 Chopper Squad. 11.05 The Story of Wine. 11.30 George Hamilton IV. 1.20 pm North News. †2.45 Friday Matinee: "The Wild Heart." 6.00 North Tonight, including Sportscall. 7.30 Charlie's Angels. 10.30 Reflections. 10.35 Police Story. 12.20 am Seachd Laithean: Review of the week's news from Scotland in Gaelic. 12.35 North Headlines and Road Report.

GRANADA

9.30 am The Stationary Ark. 9.55 The Lone Ranger Show. 10.15 Leave Cape Horn to Port. 10.55 Cartoon. 11.00 Sesame Street. 1.20 pm Granada Reports. 2.00 Live From Two. 2.50 Friday Matinee: "Louis Armstrong—Chicago Style." 6.00 Granada Reports. 6.30 Kick Off. 10.30 A Week on Friday. 11.00 After All That, This. 11.10 Film of the Book: Frank Sinatra in "The Devil At Four O'clock."

HTV

9.45 am Sesame Street. 10.45 Survival Special. 11.35 Beachcombers. 1.20 pm HTV News. 2.00 Houseparty. 2.25 The Friday Matinee: "A Woman For Charlie." 6.00 Report West. 6.30 WKRP in Cincinnati. 7.30 Chips. 10.28 HTV News. 10.35 Report Extra. 11.05 Benson. 11.35 Charlie's Angels.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Ffalabalam. 4.15-4.45 O'r Tir I'r Môr. 5.15-5.45 The Muppet Show. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.05 Outlook.

SCOTTISH

9.30 am At Your Fingertips. 9.40 Friends of Man. 10.05 Wilderness Alive. 11.00 Individually Yours. 11.20 A Reason For Living. 11.40 The Bubblies. 1.20 pm News and Road and Weather. †2.45 Friday Matinee: "Two Flags West." 6.00 Scotland Today. 6.20 Sports Extra. 6.45 Hear Here. 7.30 Thingummyjig. 10.30 Ways and Means. 11.00 Carrot-Del Sol. 12.00 Curling. 12.30 am Late Call.

SOUTHERN

9.30 am Kum Kum. 9.55 Nature of Things. 10.45 Tarzan. 11.45 Larry the Lamb. 1.20 pm Southern News. 2.00 Houseparty. 2.25 "The Constant Husband," starring Rex Harrison. 5.15 Gambit. 6.00 Day By Day. 6.00 Scene South-East (South-East Area only). 6.30 Out of Town. 7.30 Charlie's Angels. 10.35 Butlitz—the Movie. 11.05 Benson: "Power Play." 11.35 The Late, Late Premiere: "Plan Of A 19 Year Old."

TYNE TEES

9.20 am The Good Word. 9.25 North-East News. 9.30 Survival. 9.55 Showjumping with Harvey Smith. 10.20 Musical Special. 11.20 Home Nursing. 11.50 Sally and Jake. 1.20 pm North-East News and Lookaround. †2.45 "The Woman In Question," starring Jean Kent and Dirk Bogarde. 6.00 North-East News. 6.02 Sportstime. 6.30 Northern Life. 7.30 Chips. 10.30 North-East News. 10.32 "A Touch Of Class," starring Glenda Jackson and George Segal. 12.25 am Countryside Christian.

ULSTER

10.00 am Spiderman. 11.00 Story Hour. 11.50 Sally and Jake. 1.20 pm Lunchtime. 2.45 Friday Matinee: "Two Flags West." 4.13 Ulster News. 6.00 Good Evening Ulster. 7.30 Charlie's Angels. 10.29 Ulster Weather. 10.30 Witness. 10.35 Sportscast. 11.05 Beyond Westworld. 12.05 am Bedtime.

WESTWARD

9.30 am The Amazing Years of Cinema. 9.55 Dinah Saur. 10.10 Cities. 11.00 Sesame Street. 1.20 pm Westward News Headlines. †2.45 The Friday Matinee: "My Girl Tisa," starring Lilli Palmer. 4.12 Gus Honeybun's Birthdays. 6.00 Westward Diary. 7.30 The Incredible Hulk. 10.32 Westward Late News. 10.36 Soap. 1.05 SWAT. 12.00 Faith For Life. 12.05 am West Country Weather.

YORKSHIRE

9.30 am The Indians of North America. †9.45 Laurel and Hardy in "Liberty." 10.05 Wilderness Alive. 11.00 Young Ramsey. 11.55 The Bubblies. 1.20 pm Calendar News. †2.45 Friday Film Matinee: "Jacqueline." 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 7.30 Hawaii Five-O. 10.30 Soap. 11.00 Pro-Celebrity Snooker. 11.45 Lou Grant.

RADIO 1

(S) Stereophonic broadcast
† Medium Wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Steve Wright. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Dave Lee Travis. 4.32 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable. 7.31 Anne Nightingale. 10.02-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am News Summary. 5.03 Bob Kilbey (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm Ray Moore (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music with David Symonds (S). 6.03 John Dunn (S). 8.02 Sequence Time (S). 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.02 Listen to Les. 10.30 The Organist Entertains. 11.02 Sports Desk. 11.04 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers: The Smetana Line (S). 10.05 Harpsichord, Cello and Piano music (S). 11.05 Contemporary Music for Brass Band (S). 12.00 BBC Northern Symphony Orchestra Concert, part 1 (S). 1.00 pm News. 1.05 Concert, part 2 (S). 1.55 What the Critics Said. 2.45 Late Brahms (S). 3.50 Performing Style in Bach (S). 4.20 Friday Afternoons (S). 4.55 News. 5.00 Mainly For Pleasure (S). 6.55 Play It Again (S). 7.00 Sibelius: Symphony No. 6 (S). 7.30 Beaux Arts Trio recital, part 1 (S). 8.15 Philosophy and Philosophies. 8.35 Beaux Arts Trio, part 2 (S). 9.15 One Pair of Ears. 9.30 Music in Our Time (S). 10.25 The Living Poet. 11.00 News. 11.05-11.15 Gluck (S).

VHF only—Open University: 11.15-11.35 pm.

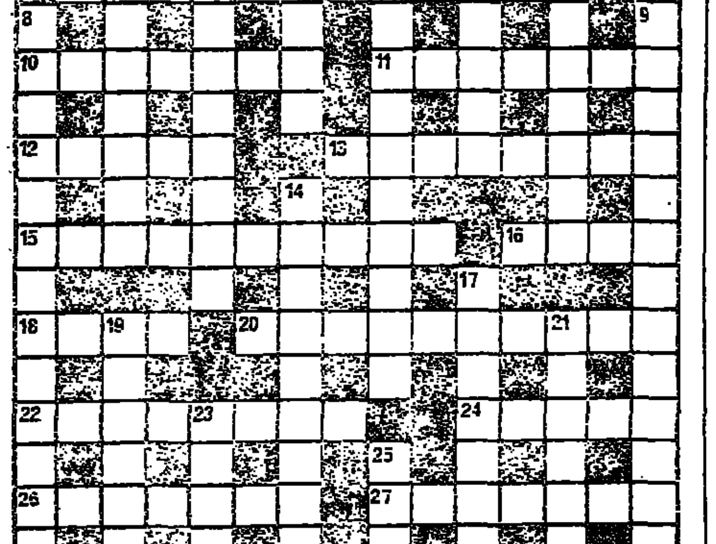
RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day: 7.00, 8.00 Today's News: 7.30, 8.30 News Headlines: 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs (S). 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Are You There, Harry Price? 11.50 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather: programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 4.05 Weigh-in. 4.15 Poetry Up To Now. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather: programme news. 6.00 News. 6.30 Going Places with Richard Hudson-Evans. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Glyn Worsnip with the BBC Sound Archives. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

F.T. CROSSWORD PUZZLE No. 4,470



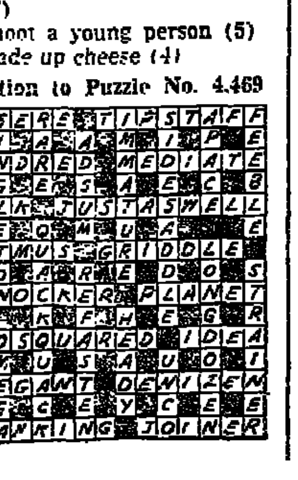
ACROSS

1 Record on three notes—that's sad (12)
10 Local subject the French reversed (7)
11 Play music to put to sleep finally (7)
12 Insist on conscription (5)
13 Stop and add spirit for control of female form (4-4)
15 Clandestine as pages may be (10)
16 Attend a course (4)
18 Go back with note for giant (4)
20 Advancing old age from the year one (4, 5)
22 Charges sailor and his guiding light (8)
24 Contagious fear of grass (5)
26 An idiot—it's a certainty (7)
27 Besmear dangerous leader and disorderly crowd (7)
28 Selfish obstructionist or manager doing wrong (3, 2, 1, 6)

DOWN

2 I'm to argue in support of a cause and prosecute (7)
3 Birds on river are very self-confident (8)
4 Invalid without significance (4)
5 Where infantrymen go to attack superior article with cover (4, 3, 2)
6 Copying first of penguins in nest (5)
7 Imitate bird coming after the usual time (7)
8 Depart from the normal course—where a stair is displaced? (4, 3, 2, 4)
9 Choose rings for exclusive classes (6, 7)
14 Humiliated, having hair ruined (10)
17 Grumble about article in service (8)
19 Performed a second time and responded (7)
21 Soldier turning up with a person of high rank in base (7)
23 Shoot a young person (5)
25 Made up cheese (4)

Solution to Puzzle No. 4,469



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S. 836 3161. CC. 240 5258. ENGLISH NATIONAL OPERA. Tonight 7.30: Tosca. Tomor & Tues 7.30: Romeo & Juliet. Wed. 7.30: The Merry Widow. 104 balcony seats avail from 10 am on day of perf.

THEATRES

HER MAJESTY'S. 930 6606. S. CC. Evgs. 8. Sat. 5 & 8.15. Wed. 3. Mats. half price. Grp. Sales Box Office 01-379 6061. THE STREETS OF LONDON by Dion Boucicault.

TALK OF THE TOWN. 01-734 5051. Air conditioned. Credit cards. LONDON'S GREAT NIGHT OUT. From 8 o'clock Dining and Dancing 9.30 SUPER REVUE BUBBLY. At 11. VINCE HILL. DANCING UNTIL 1 AM.

CINEMAS

ART GALLERIES

CLUBS

THE ARTS

Coliseum

Romeo and Juliet

by MAX LOPPERT

Gounod's *Romeo* returned to London on Wednesday, half a century after its last (Covent Garden) performance here. Happy choice: it is the most satisfying of his operas, more even in inspiration than *Faust*, more skilfully plotted and shaped than *Mireille* (if without the Provençal opera's delights of atmospheric detail). Records—the *Romeo and Juliet* treasure trove is nearly as capacious as the *Faust*—kept the work alive even in the years when it was missing from the British and (latterly) American stages; it has never slipped entirely out of the French opera house repertory. Those records show that it is par excellence a Singers' Opera, unlikely to win through without charm, delicacy, lyrical fervour, and the proper romantic address in its title roles. The English National Opera has, at least, a Juliet who sails through the test: to Valerie Masterson's beautiful, tenderly poised heroine Wednesday's premiere owed the major part of its undoubted success.

As has often been said, the opera is in effect a long love duet, announced by a prologue, and interrupted by episodes of merry-making, strife, and matrimony both real and feigned—part of the often-cut wedding with Paris, at which Juliet swallows the potion, is given at the Coliseum. The tone is limpid, euphonious, radiant at climaxes—but not passionate. And not really tragic: denied nice handling, the big "Jour de deuil" ensemble of Act 3 can seem a series of portentous sequences crashing down from a Victorian organ loft. Sequential squareness, indeed, unless alleviated by care over rhythmic stress and verbal accent, is the potential bane of any Gounod revival. The ENO has had the wit to engage as conductor a Frenchman, Louis Frémaux, who (as in his *Pearl Fishers* for the Welsh) has the gift of presenting the music with attractive cleanness, with dynamics and pace wholly unforced. The brassy *fugato* of the opening was not quite precise; and the glint of Gounod's orchestration — his mentor Berlioz appreciably in the background—was sometimes a little dimmed; but the gentle beauty of the orchestral prelude to the final scene ("Juliet's Slumber" in the old Chappell vocal score) was lovingly realised. A pity about the cuts, especially in the Act 4 duet.

The production by Colin Graham, in the sets and attractive costumes of Alix Stone, with good fights organised by Peter Woodward, is mostly in apt style. A single set—a loggia arcaded, colonnaded, and backdropped in warm Veronese shades—serves for every scene. Once more, it has to be said that economy-minded solutions of this kind serve some scenes—cell and tomb, notably—less well than others; curtaining does little to diminish the feeling of a marital bed placed in the middle of a piazza. There are some horrid plasticky trees. Mr. Graham's touch falters in the Prologue, in a group "freeze" behind gauze (why must producers favour a device which unerringly trains the eye towards any minute disturbance of it?), and in a recurrent insistence on writing redundant marginal notes to the main action; Juliet, visible on the balcony, distracts us during Romeo's rapt soliloquy, "Ah, lève-toi, soleil." But criticism is disarmed by a handling of the lovers no less affectionately natural than Mr. Frémaux's of the orchestra: free of coy puppy-play, mostly free of melodrama in the tomb, it is a sweetly played romance.

Romeo is a great role for a species of voice now apparently as extinct as the mammoth—the French dramatic tenor. The Opéra annals trace a noble lineage: Jean de Reszke, Alvarez, Rousselière, Scaremberg, Franz, Muratore, Ansseau, Thill—it must once have seemed that the line would stretch out to the crack of doom. Björling and the great Imperial Russians showed that lyric voices, properly projected, could also be well heard. I must not be thought ungrateful for the many good things in John Brecknock's assumption—the care over note values, the clarity of statement, the youthful figure (which not all the above had), and boyish vitality. But he could not, even at full stretch, summon sufficient vocal resources: climaxes were thin, and "Salut tombeau" particularly lacked splendour. His delivery, always clear, of Edward Tracey's new translation had something to do with the generally lightweight impression: in such a line as "the morning is shining in the misty east," the stressing was too unvaried, too little coloured by emotional pressures and poetic responses.

Valerie Masterson

The casting of the numerous rewarding smaller roles works well, at a good "house standard." Geoffrey Pogson's penetrating Tybalt, Geoffrey Chard's kindly but too blunt Lord Capulet, Stuart Harling's Mercutio (rather more dapper of action than of voice)—all got the words across. Noreen Berry's Nurse was a rounded sketch, Maria McLaughlin's lissome Page full and true, though the air could do with still more twinkle—it is one of Gounod's most delightful inspirations. The big, steady bass of John Tomlinson made much of Friar Laurence's plain but not long-winded music. The chorus started muzzily—or was it the psychological effect of their appearance behind gauze? — but rose to the third act ensemble.

And so, finally and gladly, to Juliet, who raises the performance onto another level. Coloratura sopranos who can sing the waltz song are apt to deny the rest of the score proper emotional weight; voices of fuller body can make a strenuous ballroom start. Miss Masterson is as complete a Juliet as we are likely to encounter. The very top notes of "Je veux vivre" were only lightly touched in, but the spirit of the waltz was headily caught. And later, she combined grace and refinement of phrase and skilful (but never too artful) projection in timbres ravishingly pure and clear, displayed at their best in French music. Readers must bear patiently with yet another hymn of praise to Miss Masterson's charm of person, and her complete command of the stage: for once, the photographs of Patti, Eames, Farrar, Norena, and *Dora Labbette—finely displayed* in yet another of the ENO's excellent programme booklets—began to look a little faded.

Cinema

Rag-and-Bone chic

by NIGEL ANDREWS

Times Square (AA)	ABC Shaftesbury Avenue
Blood Feud (X)	Odeon Kensington
Tribute (AA)	Leicester Square Theatre

When big-screen American musicals come at you proclaiming that they are rebellious and anti-Establishment, reach for a large pinch of salt.

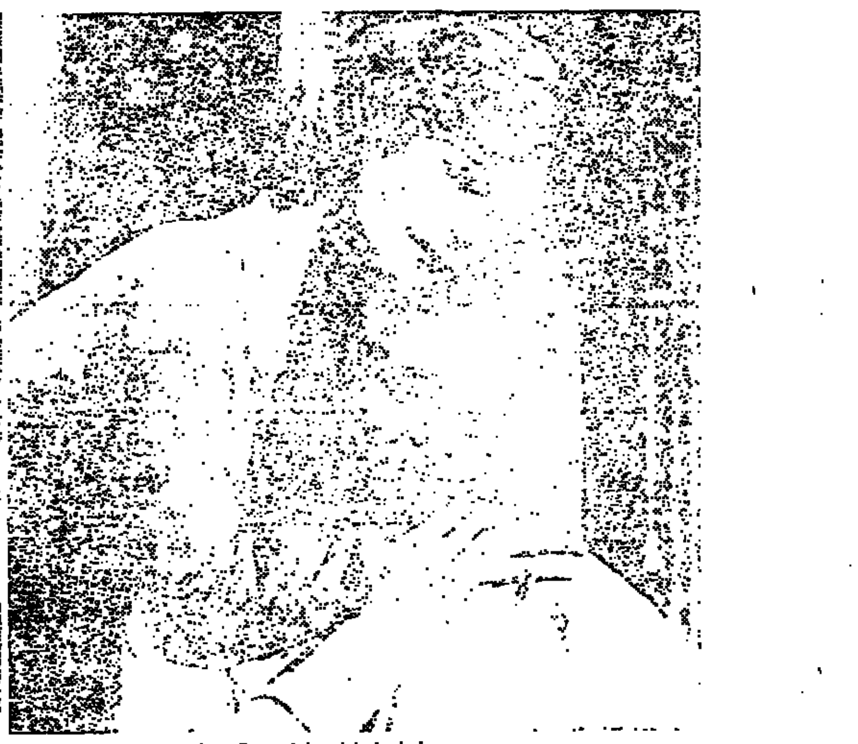
Times Square is a rare and ripely ludicrous example of the commercial cinema trying to have its cake and eat it. Its story of two teenage girls—rich but diffident Trini Alvarado and poor but hell-raising Robin Johnson — playing truant from a New York *psychiatric hospital* to go on a music-making binge in Times Square *et environs*, thumbing their noses the while at pursuing parents and police, wraps up its tearaway, would-be Bohemian plot in a format as busily glamorous, sentimental and finally, moralistic as *42nd Street*.

As the soundtracks shudders to the warblings of Suzi Quatro, the Pretenders et al., our two moneyless heroines skyve across Manhattan, living in the kind of carefree, colourful penury that only Hollywood production values can ensure. True, their clothes are strictly rag-and-bone chic, but the variety is stunning: from made-to-measure boiler-suits to fishnet mini-dresses, from leopard-skin jump-suits to waistcoats in purple candy-floss.

Meanwhile the plot steers them gradually up the ladder of Punk success, as they move from one-night stands in dire dives to crowd-pulling stunts like dropping TV sets from a great height to final, Manhattan-wide fame as "The Sleaze Sisters." That's Miss Alvarado, wearing a thigh-length action painting and singing her tonsils out atop a Times Square cinema canopy. That's Miss Johnson next to her, with burnt-cork eye make-up, strangled by a fox-fur and wearing a knee tourniquet. That's the crowd surging below. And that noise you hear, like a crackle of electricity, is your ear-drums imploding.

En route to musical and sartorial fame, this deathless dinning duo have plugged themselves into a big media campaign with the aid of unctuous Broadway disc jockey Tim Curry. Mr. Curry, currying a sort of American accent, curdles your ears late at night with news of the truant twosome's progress and gives them air-time for their music. He also keeps at bay Trini's Dad (Peter Coffield), a political bigwig running a Clean Up Broadway campaign who appears in Curry's radio-station late at night with loosened tie and straying forelock — always in Hollywood films a sign of advanced moral breakdown.

Robin Johnson



Lee Remick with Jack Lemmon

The aim of this movie, of course, although it feints at championing the girls and comes on ersatz-anarchic in the rock scenes, is not to beat a drum for truancy and semi-delinquency. Rather it's to offer a compromise for all ages: to steer our Trini, a Punk Age Deanna Durbin, back to her dad after she's tasted life and freedom and he—not to be robbed of a fair-excahnge moral—has learned that the Young Must Be Young. It's dressed-down schmaltz and contrivance all the way to the father-daughter reunion, and poor Robin Johnson—whose swarthy androgyne pep and contralto Brooklynese act everyone else *off the screen—is left to slink* back into the Broadway night, her work as a character-catalyst done.

*

Bellini's "Casta Diva" aria wails sweetly on the soundtrack as Sophia Loren makes her first appearance in *Blood Feud*, urging a donkey-cart across the sunburnt Sicilian scenery. Miss Loren, no willow-warbling priestess, would come bottom of my list of candidates to play *a modern-dress movie* descendant of Norma. Norma n'Mailer perhaps, with that shock of wild hair, that punchy braggadaccio, that embattled gift of the gab, that ability to beat a well-developed breast.

In Blood Feud, however, a *cassoulet* of Italian passions by Lina *(Seven Beauties, Swept Away)* Wertmuller, Miss Loren is the black-garbed, stoically suffering widow of a Mafia murder victim, prone to dark-eyed *grief in the tragic shadows*. Enter stage left Marcello Mastroianni, bearded like a sun-baked Lytton Strachey as an anti-Fascist lawyer (the time is the 1930s). Enter stage right Giancarlo Giannini, the murdered man's emigre cousin hotfooting over from New York in spruce white suit and car. Both fall in love with Miss Loren, both seek vengeance on the dead *man's killer* [illegible] think they're the father of [illegible] baby Miss Loren soon [illegible] and both are burdened [illegible] awful, echo-[illegible] post-dubbing.

This collage of noise and apoplectic close-ups masquerading as a film is the worst work the not unprolific Miss Wertmuller has yet given us. Attempts at political period-painting — in the pompous Fascist mayor (Turi Ferro), *the distant bulletins* of Mussolini's rise to power—offer no more than a thin patina of self-importance on the Italianate melodrama *a trois*. Miss Loren, a brave, beautiful actress is usually worth seeing even when miscast. But here the odds are stacked too high against her, and they finally avalanche down even over her talents, burying all but a noble Latinate croak and the glint of a black-rimmed eye.

The last grim dispatch from the new-movie trenches this week is *Tribute*. Jack Lemmon, maestro of stricken slapstick with his push-me-pull-you face, elastic grin and vertical take-off eyebrows, has his work cut out in this talent-shredding sentimental comedy about a divorced Hollywood publicity writer who wants to be loved by his son and learns he has terminal *cancer. Will there be time, we* are urged to chorus, for filial fondness to flower?

Son (Robby Benson) lopes around in glasses and a raincoat, scowling at Lemmon because he (Lemmon) has given his love to the rest of the world thereby diminishing the portion left for his family. Lemmon's divorced wife, Lee Remick, floats through the house ever-and-anon wearing pale make-up and a rictus grin of bemused gentility. And *Doctor Colleen Dewhurst* is also a frequent passer-through, bringing fresh news in her Irish bass-baritone of his (Lemmon's) cancer.

Meanwhile the film, a lemon, slumps and sidles round the characters while they exchange endless jokes and aphorisms, as though bitten in the collective neck by Neil Simon. Director Bob Clarke (of *Murder By Decree*) does his best to move these mouthing organisms around as if they're on a higher evolutionary plane than the furniture, but Bernard Slade's script is Christmas cracker bon mots dunked in glycerine and the result is as awful as his *Same Time Next Year*. Lenten entertainment from 20th Century-Fox for the new year—go and see their *The Stunt Man* instead.

Radio 3

The Chakravaka Bird

by ANDREW CLEMENTS

Anthony Gilbert's "Song Drama" for radio has had a prolonged gestation. The BBC commissioned a piece from him some seven years ago, little expecting, one imagines, the major and far-reaching project that would be set in motion.

The Chakravaka Bird was broadcast for the first time on Wednesday evening. It plays for well over an hour, and calls for a narrator, four singers and an extensive battery of percussion and keyboard instruments.

The substance of the work is the life of the 12th century poet and saint, Mahadavi, mingling historical fact and religious myth. Her spiritual quest, its rejection of the social trappings of life for a Hindu woman in favour of a wandering existence towards eventual union with the god Shiva, is told through an assortment of Sanskrit text and in settings of the richly imagined poems of Mahadavi herself, all used in English translation.

A messosoprano sings the part of Mahadavi while her inner thoughts are heard in an electronically distorted form of the same voice. The three men in her life—her suitor, her religious master, and the voice of Shiva, are taken by two tenors and a counter tenor.

Gilbert's score is clearly laid out, its continuous structure neatly parsed into three sections each consisting of an introductory narrative a meditation for the poet alone and a final encounter *with one of the male* characters. The *plan*—helped along by Veronica Slater's youthful introduction to the broadcast —is easy to follow. Percussion instruments dominate the textures: the meditations are clothed in a web of meshing, tinkling instruments, the other sounds—an alto flute, a cimbalom, an accordion—are used sparingly, to thicken a texture here, to colour a line there.

But there remains, nevertheless, something artificial in the flavour of *The Chakravaka Bird*. For all Gilbert's profound and detailed absorption of the intricate Hindu world around his subject and his use of hard edged instrumental sounds to give some suggestion of the style of Indian song performance, there is little of the authentic essence. Post-Boulez, a predominantly percussive ensemble does not automatically sound exotic, let alone specifically Indian.

The cool lyrical poise of much of the singing, beautiful at first hearing, eventually comes to sound one-paced, and the radio effects—stereo spacings and *electronic* treatments—do not provide any convincing dramatic shaping. The singers for the performance were Gillian Knight, excellent as Mahadavi, Brian Burrows, Paul Esswood and Stuart Kale; the narrator was David March, the conductor, Lionel Friend.

ENO Jubilee

On January 20 English National Opera celebrates its Golden Jubilee.

On that day Joan Cross will unveil a plaque to the memory of Lilian Baylis. The same evening there will be a reception at the Stock Exchange, where an exhibition has been mounted in the Exhibition Gallery.

Hampstead Theatre

The Workshop

by MICHAEL COVENEY

We see little enough of contemporary French drama in London for the arrival at Hampstead of Jean-Claude Grumberg's play (translated by Tom Kempinksi) to amount to an interesting event in itself. The ten scenes are spread over seven years immediately after the end of the last war.

The setting is a small Parisian tailoring factory with obvious similarities to conditions in the East End rag trade at the same time. The sewing and stitching department is manned by five neatly characterised women whose idle chatter and crude bickering is occasionally interrupted by an irate boss, Leon (Lee Montague), complaining about missed orders and shoddy workmanship.

Leon and his wife (Caroline Hutchison) are Jews. Their argument over a letter to homeless relatives in Poland, although developed rather suddenly, complements one of the play's chief themes, an employee's stoical expectation of her Rumanian Jewish husband's death certificate. Lynn Farleigh emerges as a widow building a new life with self-sufficient children through a fine display of hope, turning to grief, turning to resolution.

Nicolas Kent's production for the Oxford Playhouse Company is slow to get off the ground, but entirely sensitive to the factory-floor camaraderie. Outstanding here are Sandy Ratcliff's foul-mouthed sex-pot (although Mr. Kempinski's Cockney idiom is a little over-strained even for her) and Jennifer Piercey's resigned moonface with a song in her heart.

There is also a giggling bride-to-be (Brenda Cavendish) who returns heavily pregnant one year after an office party that does not quite hit its correct rhythm, and Matyelok Gibbs's prim old-timer hogging the window seat and cutting herself off from the general brouhaha with a studied exhibition of disapproving *hauteur*.

Despite these qualities, I found the piece well-intentioned but ordinary, and *it* loses its way just before the interval in a long confession speech of the pragmatic Jewish survivor that Mr. Montague fails to make either moving or coherent. The evocative design, with a depressing view of a darkened street outside, is by Stephanie Howard, who has also collaborated with Angela Butterfield on the excellent costumes.

Wigmore Hall

Sarah Walker

by DAVID MURRAY

Not only Sarah Walker, but Roger Vignoles too: Mr. Vignoles is much in demand as an accompanist, but his rapport with Miss Walker is of the liveliest, and together they lift the curse of High Art off the song recital by sheer gusto. On Wednesday they plunged into their Wolf group almost too keenly: if they were going to do "Auf einer Wanderung" with such glowing ease, they should have made us wait for it. All the Wolf songs were delectable, and the concluding "Er ist's" was fresh and tremulous enough to melt one's reservations about Miss Walker's toothless German. (Why does so sturdy a singer let her German consonants go by the board? Too many points have to be made by the face where the words should be sufficient.)

In lovely, open voice, Miss Walker delivered Schumann's Maria Stuart songs as gentle dramatic monologues, which suits them far better than the usual square piety. Several Sibelius songs (in Swedish) gained from a similar manner, direct and without airs, though "The Tryst" is probably meant to sound more overwrought than that. It was the Grieg group (beginning with an old Schwarzkopf favourite) that counted as a revelation, everything seeming to be in Miss Walker's happiest register, with Vignoles lavishing tenderness on the piano parts. There was even an epic-visionary song, "From Monte Pincio," of surprising breadth and power: it bears comparison with the best contemporary Russian songs in that vein.

They ended with the *Gypsy Songs* of Dvorak (in Czech), which are of course meat and drink to Miss Walker. Vignoles attacked the accompaniments with somewhat self-conscious fervour—there was more noise than passionate sweep in the opening song, and gratuitous "expression" in "Silent Woods" and "Songs My Mother Taught Me," where limpid depth and a steady pulse would serve the voice better. Still, the performers' instant musical responses to each other lent excitement and distinction to the whole cycle: and Miss Walker is too canny an artist to go over the top (or to crash into the chest-register), as many a mezzo cannot resist doing in these songs. If two or three more song-recitals this year offer as many unforced insights and as much sheer pleasure, we shall be lucky.

COMPANY NOTICES

EDUCATIONAL

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A system in disrepair

BRITAIN'S economic performance over the past 30 years givens no grounds for complacency about any aspect of its industrial, legal and social structures. Certainly, any serious analysis of Britain's unique system of labour relations cannot start from the presumption that "it may seem odd, but it works." Thus, the Government's Green Paper on Trade Union Immunities may be condemned in some quarters for not being radical enough. But it does have the merit of setting out the arguments for and against changes in the law in a balanced and objective fashion.

Calls for reform have to be considered against two interrelated but separate criteria. First, there is the need to make industrial relations more orderly and thus to improve industrial efficiency. Secondly, there is the broader question of the "monopoly power" of the unions and the political issue of whether unions should be free from constraints which operate on other social entities and individuals.

On the first point, many industrial relations practitioners feel that any radical change in the law would produce even more disorder and inefficiency. This is paradoxical, since industrial inefficiency is the strongest argument for reform. But the disastrous experience of the 1971-74 attempt to improve industrial relations through the law has not been, and should not be, forgotten.

Infringements

However, the political grounds well against the unions has in recent years concentrated mainly on the second issue—the abuse of union power and the unions' infringements of the rights of others. Indeed, the very existence of trade unions, implying as it does collective, rather than individual, decision-making in the economic sphere, is seen by some as a damaging and unnecessary distortion of market forces. Whatever may be said for this view of the "monopoly power" of unions in economic terms, the disappearance of trade unions is hardly conceivable. In any case a general attack on trade unions and on their fundamental prerogative—the right to strike—is clearly in no sense the Government's intention.

There is, on the other hand, another kind of monopoly power. What does, rightly, worry the Government is the way that the balance of power in collective bargaining has shifted towards unions, as a result of technological change, social security provision and other factors, all of which have made strikes less costly for workers, or more damaging to employers.

Further, unions are able to take advantage of monopoly positions which their employers may enjoy in order to gain improvements in their living standards and to block technological change, all at the expense of the consumer. It is all too easy for employers in sheltered sectors to bow to this kind of union pressure.

It is also possible for unions to reduce the impact of competition in certain sectors which are not natural monopolies by substituting national industry-wide negotiations for competitive bargaining with individual employers. Like most features of Britain's industrial relations, this tendency has been encouraged by many employers as wel las by the unions, since it has injected an element of order into bargaining which, particularly in periods of labour shortage, employers have valued more highly than the independence which they were sacrificing.

Centralised

Whether a more centralised system of bargaining with powerful national unions is preferable to the dispersal of decision-making at plant level is perhaps the most important practical question which the debate on the Government's Green Paper should address. It must be implicit in any discussion on the various specific topics—such as the immunity of union funds, the legal enforceability of collective agreements and the law on picketing and the closed shop—which the Government has raised.

In some countries, notably Germany, the existence of strong industrial unions and strong employers' associations, each with tight control over their members, has ben a force for stability in collective bargaining: it has facilitated the development of "concerted action" which has many admirers in the UK. Yet it seems doubtful whether the structure of the British trade union movement and the established pattern of industrial relations would permit a decisive shift in this direction. It is arguable that a decentralised system should encourage a more flexible adjustment to market pressures and technological changes. What is undeniable is that present arrangements in Britain, providing neither stability nor rapid adjustment, represent the worst of both worlds.

Gaddafy goes too far

THE PROPOSED merger of Libya with Chad has been presented by Colonel Gadafy as a foreign policy success. But it could well backfire. Over the past decade he has tried unsuccessfully to unite with Egypt, Tunisia and Sudan. Only last year Syria, looking around somewhat desperately for an ally, agreed to a marriage of convenience with Libya. In Damascus, as elsewhere, Colonel Gaddafy is likely to be a disappointed suitor.

The union with Chad is different because there may be as many as 5,000 Libyan troops in the country. In December they tipped the military balance in favour of Chad's President Goukouni Oueddei against his Defence Minister. Tripoli now speaks of spreading its system of revolutionary committees to its southern neighbour. Suddenly Colonel Gaddafy appears to control a swathe of territory running 1,700 miles from the Mediterranean to the borders of Nigeria.

Political strength

It is hardly surprising that Chad's neighbours are worried though this may be less of a tribute to Libya's military or political strength than to a sense of their own weakness. They fear that Colonel Gaddafy may have ambitions to establish his power across the Sahara against such States as Niger, Central African Republic or even Sudan. All, like Chad itself, are poor and divided into a complex patchwork of tribes and ethnic groups. Nigeria has already blamed a small but bloody revolt in Kano by an extreme Moslem group on Libyan interference. Earlier this week a meeting of 13 Organisation of African Unity countries condemned the merger.

There is an important sense in which Libya has gained little. Chad is desperately poor with no proven minerals. France, which colonised it many decades ago, found revolts amongst its many warlords to be endemic. Since independence in 1960 many of Chad's chieftains have been prepared to draw supplies and finance from wherever they were available but none has shown much loyalty to their paymasters. President Goukouni has taken advantage not just of Libyan troops to crush his enemies. It is possible he may prove no more grateful, and probable that his enemies will do everything in their power to resume their attacks.

Free French troops were stationed in Chad following Leclerc's march across the desert during the last war and they were sent back in by General de Gaulle to try to quel rebellion in 1968. They were only pulled out last May. It seems highy improbable that the 5,000 Libyan troops will be able to hold an area five times the size of Britain, which the French failed to control.

The likelihood of Libya's difficulties, however, does not mean that its action should go uncondemned by the rest of the world unfeared by its neighbours. France is in a particularly uncomfortable position. It was after all the French decision to withdraw from Chad which created the vacuum which Libya has now filled. France's position is also complicated by its own past intervention in Africa albeit—in Shaba Province in Zaire for example—in a different way.

On alert

President Valery Giscard d'Estaing feels that he needs to show the tricolour by mobilising French forces. Reinforcements have been sent tothe neighbouring Central African Republic and yesterday ships at Toulon were put on alert. But equally obviously, as the French election approaches, he presumably does not want a clash between French and Libyan troops.

It may be that these French moves, together with the real concern expressed not only by Chad's weak neighbours but also by Nigeria, Egypt and others will deter Colonal Gadaffy from further expansion. *It may also be that Libya has* bitten off morethan it can chew. But the West should be concerned to ensure that Libya does not come to believe that the fragile States bordering the Sahara are soft and easy targets for destabilisation.

THE FUTURE OF NAMIBIA

South Africa digs in its heels

By Quentin Peel in Johannesburg

THE Geneva conference on Namibia was the culmination of three years' intensive diplomacy designed to bring to an end the guerilla war between South Africa and SWAPO. The collapse of the talks this week is a severe setback and brings into question the future of a strategically important area of the world rich in scarce mineral resouces.

FAILURE AT this week's Geneva conference on Namibia (South West Africa) was always on the cards. In the first place, the participants could not even agree about whom they were representing. Second, they had totally different perceptions of what the conference was supposed to be discussing. And now they will probably even disagree about what was said. In sum, it was a classic dialogue of the deaf.

There are several immediate consequences of the failure. An intensified guerrilla war between South Africa and the South West Africa People's Organisation (SWAPO) in northern Namibia; renewed demands at the UN for economic sanctions against South Africa; and a general hardening of the black-white confrontation in southern Africa.

As Dr. Kurt Waldheim, the UN Secretary General, warned when he opened the talks, the consequences of failure would be "steadily more disastrous for everyone concerned."

What is far more difficult to forecast is how the participants and observers in this Southern African drama — South Africa, SWAPO, the "internal" political parties in Namiba, the UN, the western members of the UN Security Council, and the black front-line states of southern Africa — can extricate themselves from the present deadlock.

Perhaps the most serious setback of all at least in the short term, has been for Western diplomacy. The five members of the UN Security Council — Britain, Canada, France, the U.S. and West Germany—were the instigators of the UN plan, and have kept it alive through intensive shuttle diplomacy for more than three years.

Their commitment was a recognition of the key strategic importance of Namibia. On the one hand, it is a territory of considerable economic potential, with substantial mineral reserves, especially of uranium and diamonds, as well as base metals (see map) and some unexploited offshore natural gas. But the lack of infrastructure, especially water and transport, and the lack of a skilled workforce, and the political uncertainty, have held back more rapid economic development.

More important is Namibia's political and geographic position: it is the last white-ruled colonial buffer state between black and white Africa. As an added complication, the effective colonial power is South Africa itself. The political development of Namibia is likely, both through example and direct contact, to have an important effect on the political development of South Africa.

The western initiative for a settlement in Namibia, to resolve the 30-year-old legal dispute between the UN and South Africa about its control, was launched in conjunction with the effort to find a settlement in Zimbabwe. It was even thought that a settlement in Namibia might show the way for a parallel solution in Zimbabwe. In the end, Namibia has proved the more intractable.

The first aim of the initiative was to prove that a peaceful solution was possible. The second was to show that western involvement in South Africa could be seen as constructive in African eyes—that western and African interests could coincide. It was a major exercise to prove that Western "constructive engagement" in Southern Africa was more likely to resolve conflict in the region than economic sanctions and the withdrawal of investment.

That strategy has now suffered a serious blow, paradoxically at the hands of the country most likely to benefit—South Africa.

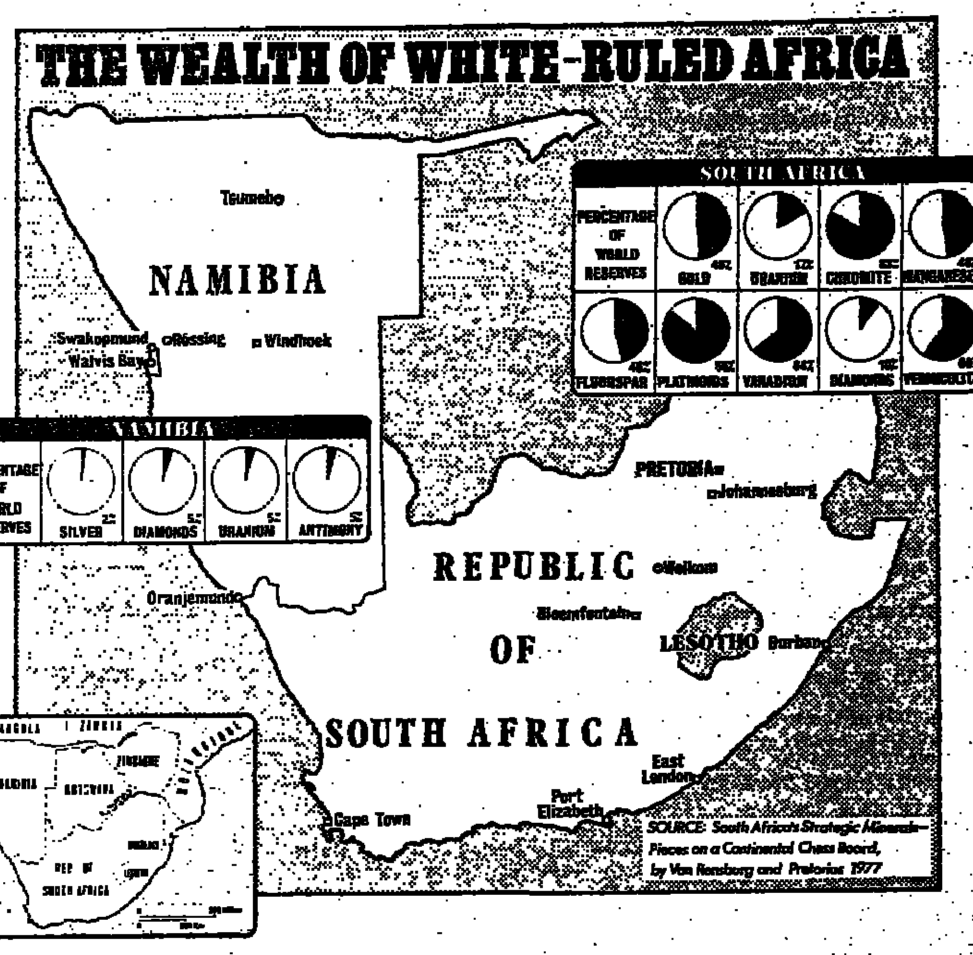
There can be no doubt that it was South Africa, and its allies among the Namibian political parties, which caused the failure of the Geneva talks. South African officials were the only ones to leave Geneva smiling. Mr. Pik Botha, the South African Foreign Minister, announced back in South Africa that he was proud of their performance.

Among the other parties to the talks, there was almost universal anger, frustration and bitterness at the fruitless week of diplomatic manoeuvring which had been intended to finalise plans for a ceasefire in the territory, leading to UN-supervised elections and eventual independence for Africa's last colony.

SWAPO called for a stepped up guerrilla struggle and UN sanctions. The front-line states, which had played a very considerable role in backing the UN plane and bringing SWAPO to the conference table, showed their disillusionment when they pledged their full support to the guerrillas. UN officials, at least privately, showed their dismay at the failure of an exercise to which they had given their personal support.

There is no simple, rational explanation why South Africa should baulk at reaching an international settlement on Namibia. Top Government officials readily admit that it is a problem to be disposed of as swiftly and tidily as possible, so that Mr. P. W. Botha, the Prime Minister, may concentrate on his domestic problems. The difficulty is that it actively complicates those domestic problems.

A SWAPO victory in Namibia could have two dire effects for Mr. Botha in South African political terms. First, it would make him appear weak in the eyes of the white conservative majority, when he is still uncertain of his control of the ruling National Party. Second, it could provide a big fillip to radical black politics.



Chris Walker

NAMIBIA cannot compare with South Africa's huge reserves of minerals, many of them of considerable strategic importance to the West. The U.S. Bureau of Mines calculates that South Africa has 73 per cent of world reserves of platinum group metals, 68 per cent of chrome ore reserves, 48 per cent of gold, 37 per cent of manganese and 19 per cent of vanadium.

None the less, Namibia is already the fourth largest non-fuel mineral producer in Africa, in spite of a lack of infratructure in the huge and sparsely populated territory.

Diamonds have traditionally been Namibia's biggest money spinner: De Beers' Consolidated Diamond Mines is the biggest producer of gem diamonds in the world, and contributed 18 per cent of the South African company's profits in 1979.

The major field of prospecting is for uranium. Already, Britain's Rio Tinto-Zinc has the world's largest uranium mine at Rossing, producing 5,000 tonnes of uranium oxide a year, with contracts from both Britain and France. General Mining and Goldfields, the South African mining houses, have identified ore bodies at Langer Heinrich and Trekkopje respectively. Anglo American and France's Aquitaine group are both believed to have promising prospects. None are prepared to commit themselves to production before they know the political future of the territory.

U.S. mining companies also have interests in the territory. Tsumeb, which produces cadmium, copper, lead, silver and zinc, is controlled by Newmont Mining and Amax. Nord Resources and Ebco Mining jointly own a tungsten mine at Krantzberg. Canada's Falconbridge controls the Oamites copper mine, while West Germany's Metallgesellschaft owns SWA Lithium Mines, producing petalite.

ISCOR, the South African iron and steel corporation, mines lead and zinc at Rosh Pinah, and tin at Uis.

On the other hand, the risks of not doing a deal in Geneva have not seemed that immediate in Pretoria. While talk of sanctions will be revived at the UN, it will be more of the same "heavy breathing," it is argued. Neither Mrs. Thatcher, the British Prime Minister, nor Mr. Reagan, the U.S. President-elect, would go along with it.

Moreover, the front-line states are in no economic state to set out on a path of total confrontation with South Africa, still relying as they do on South African railways and harbours for their imports and exports, and South African farmers for emergency food supplies. As for the military threat from SWAPO, that is considered insignificant.

Pretoria does not appear to have a coherent alternative plan to that proposed by the western five and the UN. Asked if South Africa wished to abandon the UN plan, one diplomat remarked: "It is the only life raft we have." So Pretoria's reasons for stalling would seem to be negative rather than positive: Mr. Botha simply cannot risk the possibility of SWAPO—presented in all South African propaganda as a movement of fanatical Marxist terrorists—winning an election in Namibia. Yet that is a possibility which is seen as very real since Mr. Robert Mugabe won his landslide victory in Zimbabwe.

The obvious advantage of a delay is that it gives Pretoria a chance to see if Mr. Reagan will be more sympathetic to the South African cause. South African diplomats argue that no great change should be expected, but the politicians certainly hope for much more cordial relations.

So far the Reagan team has not shown its hand on southern Africa. Right-wing Republican Senator Jesse Helms tried earlier this week (without success) to draw Mr. Alexander Haig, Mr. Reagan's choice for Secretary of State, into a denunciation of the UN's mediation efforts in Namibia. Other right wingers go further, urging the U.S. to help South Africa organise elections and if necessary recognise the existing South African-backed Government in Windhoek.

However, a much more moderate stance has been adopted by the man believed likely to become the new assistance Secretary of State for Africa, Mr. Chester Crocker. In a recent long article Mr. Crocker, a Washington academic, argued that the current mandatory arms embargo against South Africa was a "symbolic ingredients of U.S. policy and should be continued." More generally, he argues for "constructive engagement" (rather than confrontation) but all in an endeavour to help South Africa change to a democratic non-racial society.

Mr. Botha's overall strategy remains the one put to him by his military advisers, like General Magnus Malan, the former chief of the South African Defence Force and now Defence Minister. It is to resist what is seen as an international Marxist onslaught, implemented by the likes of SWAPO, while instituting enough reforms internally to ensure that the grievances of the black population do not provide a fertile breeding ground for revolution. The domestic policy is paramount, whereas relations with neighbouring states can be resolved by a strong military arm.

But Mr. Botha may be underestimating the extent of the international pressures on him. Although the initial South African reaction has been that the Geneva conference was a success, because it enabled South Africa to present its Namibian allies as the main negotiators, others see it as something of a diplomatic disaster for Pretoria. Certainly SWAPO managed to present itself as reasonable, moderate, and willing to compromise.

For the front-line states, the underlying realities remain unchanged by Geneva. Angola in particular, and to a lesser extent Zambia, have suffered military action and disruption as a direct result of the war in Namibia. The Angolan Government believes that if it could get a settlement in Namibia, it would cut off South African support from the Unita guerilla movement, which controls much of southern Angola, and prevents the Benguela railway line from carrying Zambian and Zaire copper.

As for the western powers, there are no easy options. They must understand that in Pretoria the sort of solution produced in Zimbabwe by the Lancaster House conference is regarded as a disaster. If South Africa is to agree to a solution involving SWAPO in Namibia, then one of two things must happen: the alternative must seem a worse risk; or Mr. Botha must feel strong enough at home to abandon Namibia, and its 100,000 whites, most of them Afrikaners, to the fate of the ballot box.

It is possible that Conservative Administrations in Britain and Washington, making sympathetic noises towards Mr. Botha's cautious racial reforms, will give him some of that necessary self confidence. But they can hardly help him win votes (indeed, international sympathy might even prove counter-productive in a traditionally isolationist electorate). For the foreseeable future, however, there is little that the international community can do.

The one hopeful sign from Geneva is that for the first time, South African Government officials sat down at the same table as SWAPO, a black nationalist movement they had previously refused to have anything to do with. Moreover, the conference, however abortive, was a direct result of negotiations between South Africa and the Marxist Angolan Government.

The lesson was not lost on one leading Afrikaner Nationalist commentator, who is particularly close to Mr. Botha. In an article headed "Like SWAPO, the ANC lies ahead." Mr. Ton Vosloo, the editor of the Nationalist newspaper Beeld, argued that "the day will come when a South African Government sits down at a negotiating table with the (banned) African National Congress." That is certainly a sign of a startling change

MEN AND MATTERS

Canterbury tales

Though it may not still the shrieks of some Tory hawks, Jim Prior's Green Paper on trade union law recalls a salutary tale of the follies of trying to make strikes illegal even in wartime.

Buried among the technical arguments, in paragraph 329, is a reference to the picturesque account given to the Donovan Commission of the Government's trials in dealing with 4,000 Kent miners who went unlawfully on strike in 1941.

Sir Harold Emmerson, then chief industrial commissioner, and now at the age of 84 living in Berkhamsted, remembers the events as if they happened yesterday.

Charges were laid against 1,000 of the miners. The Government then asked the union to instruct their members to plead guilty to same time.

"The union obligingly did so," says Sir Harold. The magistrates met in Canterbury and the Government allowed extra petrol rations so that coaches could take the defendants' families.

"Everything on the day was orderly and even festive. Bands played and children cheered the procession on its way to court." Three union officials were jailed and fines of £1,100 imposed on the rest.

Widespread protest followed. But what concerned the Government was that the only men who could call off the strike were now in prison.

Ministers reopened negotiations through the bars and five days later agreement was reached.

Apart from some face-saving words it gave the men what they wanted. Eleven days later the three men were released. Only nine had by then paid their fines and it was decided not to enforce the penalties.

"I think the lesson is as clear today as it was then," Sir Harold, who later became permanent secretary at the Ministry of Labour, tells me. The only satisfaction the Government got was when the nine men who had paid their fines asked for the money back eight years later. "The union was told, in appropriate official language, to forget it," says Sir Harold.

"Actually he seems to be the ideal leader for the 'Don't knows'."

Transmission

Pushed from his post as director-general of Spanish television because of growing protests about its political bias, Fernando Arias-Salgado has been compensated with the job of Ambassador to Britain.

Arias-Salgado, whose father was Franco's information minister, quit as head of the state-controlled system this week still declaring it to be "a model of objectivity." Almost at the same moment a programme about Jerusalem was withdrawn in deference to the visiting Iraqi vice-president and head of the Arab League.

Arias-Salgado will present his credentials at the Court of St. James later his year—but he has already been exchanging a deal of correspondence with London in a long argument with Sir Ian Trethowan about a BBC film on the role of King Juan Carlos in the establishment of democracy in Spain.

Originally intended as a co-production, the BBC found that a series of political questions sent to the King had been witheld. Juan Carlos eventually answered most of them. But objections were then lodged to a film clip showing him swearing loyalty to Franco's laws in 1969.

Trethowan insisted that history could not be excised even if it might be embarrassing—and finally got his way.

Policy shift

Robert Keville should have few problems finding his way around the building at insurance group Willis Faber, whose board he joins next month on leaving rival Hogg Robinson. For Faber's magnificent London head office at 10, Trinity Square, near the Tower of London, was built 60 years ago as the headquarters of the Port of London Authority. And it was on the Board of the PLA that Keville's father, Sir Errington Keville, spent 16 years of his distinguished maritime career.

Keville describes himself as "the first black sheep in very much a shipping family." His father, who celebrated his eightieth birthday this month, was a director of Shaw Savill and Albion, chairman of Furness Withy, and in 1961 chairman of the General Council of British Shipping.

So why the move? In particular, I wondered, was it related to the recent corporate re-structuring at Hogg Robinson? Keville had until last year been chairman of the group's International Division, which included the marine subsidiary. *But a merger with the* Reinsurance Division left Keville deputy chairman of the enlarged entity, under John Hogg.

"I was in the mood to accept an approach," Keville told me yesterday. Beyond that he was reluctant to elaborate. He did, however, stress that it was a "totally amicable and gentlemanly" business all round.

Show business

And now, live from coast to coast, we bring you the company annual general meeting show!

Yes folks, it's the U.S. Bostik-makers, Emhart Corporation, planning another, more ambitious, television broadcast this year after the success of its experiments in video-taping the AGM for absent shareholders and screening its report and accounts last year in eight major cities.

Keeping ahead of an imitative pack of other companies, Emhart is going live with what I am assured will be a modestly-staged show designed to inform its 1.2m shareholders and employees rather than grab the ratings.

"Cable television operators will not accept glorified commercials," says vice-president John Budd. And if the meeting provides any entertaining fireworks, it will be purely coincidental.

The 20-minute explanatory screening of Emhart's annual report last year cost only £880 on the public service channel and the cost-conscious Budd reckons that is one of the cheapest and most effective lines of communication.

But Emhart's video consultant Bruce Pennington predicts that it will not be long before companies are making more glamorous presentations, pepping up their profits with a song and dance act or concealing a slump behind a superstar.

Accounted for

Overheard at a drinks party: "Just between ourselves, dear, I've got a few thousand put away that Richard doesn't know about — and he's got £8,500 put away that *I* don't know about."

Observer

FINANCIAL TIMES SURVEY
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U.S. Futures Markets

Activity in America's commodity futures markets saw explosive growth last year, with some sectors—notably dealings in financial instruments, one of the newest—registering threefold expansion. This survey looks at current and prospective development.

Records tumble month by month

By John Edwards
Commodities Editor

IT IS NOW almost as easy for British citizens to trade in pork bellies futures in Chicago as in copper in London. The lifting of the UK foreign exchange restrictions at the end of 1979 opened up the huge range of futures markets available in the U.S. to traders and speculators throughout the world. More and more futures contracts are being added as the expansion of the industry continues apace. Each year during the past decade has seen huge increases in turnover on the exchanges, with records being broken annually and sometimes monthly.

The growth of volume has been almost frighteningly large, with "paper" turnovers involving huge sums far exceeding anything on the stock markets. The initial reason for this sustained expansion of interest in futures trading was mainly fear of inflation and currency uncertainties, especially with regard to the dollar, which persuaded investors to seek safety for the funds in tangibles.

But in recent years the growth in futures has been further accelerated by the introduction of a whole new breed of contracts—the so-called financial instrument markets for foreign currencies and interest rates. It can be argued that money is basically just another commodity and that these days it is equally important for investors to hedge against fluctuations in the supply-demand pattern and cost of money.

It is quite clear that financial futures are not just a flash in the pan used by speculators in the hope of making quick fortunes. They are being taken seriously—so seriously that the U.S. Federal Reserve and Treasury undertook a special study of the new markets to see whether they were affecting the money supply checks and balances. The report basically approved of their existence, but there is concern about the proliferation of too many contracts.

It is also quite clear that the markets are being widely used by a growing range of financial institutions, many of which would have once thrown up their hands in horror at the thought of dabbling in futures, let alone trading on a regular basis. The introduction of the New York Futures Exchange by the New York Stock Exchange last year has greatly increased the links between commodity futures and stock markets.

Futures are no longer viewed as some form of crazy gambling in Chicago. They are being treated as alternative ways of investing or protecting the value of funds. The gap between futures and stock exchanges may be closed even more if plans go ahead for futures contracts in stock indices, basically as an insurance against unpredictable movements in share prices.

The Chicago Board of Trade, the grand-daddy of all futures markets, has ambitious proposals worked out for 11 stock indices contracts that would enable investors not only to protect themselves against a drop in whole stock market but also against movements in one particular sector of shares—for example, energy, construction or retailing. Other exchanges, including the Chicago Mercantile, which pioneered financial futures, and Kansas, are planning the introduction of similar contracts.

Deliberately

For the moment, approval of new financial instrument contracts is being deliberately held up by the Commodities Futures Trading Commission (CFTC), the regulatory agency responsible for the futures industry. It wants to consult other Federal agencies, such as the Treasury, with an interest involved.

The attitude of the incoming Reagan Administration could be crucial in deciding which agency finally has responsibility for regulating the financial futures markets. For example, there has been strong pressure for the markets to be supervised by the Securities Exchange Commission, which claims to be more involved with financial dealings even though having no experience with futures contracts.

The industry itself is strongly opposed to other agencies coming into the act. It prefers the "devil you know" and points out that the CFTC now has five years' experience, and expertise, in regulating futures markets and that it would make more sense to concentrate regulation in one agency.

The CFTC is by no means popular with the industry. It is felt that the industry is considerably over-regulated at present and that this is threatening to drive business away from the U.S. markets to other commodity centres — basically London.

However, the industry is expecting that the Reagan Presidential victory will mean a change of the CFTC chairman at least, possibly to someone more sympathetic to the industry's views. There might of course be even more changes, bearing in mind Mr. Reagan's stated repugnance towards Government interference, but Federal agencies have a remarkable ability to survive. Nevertheless the industry does hope that the drive towards more and more regulation will be slowed down or even reversed by the new Administration.

President Carter's decision to close down the Chicago grain markets, following the announcement of the U.S. embargo on grain sales to the Soviet Union in January, was viewed as an ominous precedent of Government interference. It is also feared that the bad name given to futures trading during the silver "crisis" and the subsequent Congressional hearings could still have serious repercussions. Accusations that the exchanges manipulated the silver market's rules and regulations to their own advantage linger on and the whole Hunt family episode did little to enhance the reputation of the futures industry.

Nevertheless it does not appear to have resulted in much practical harm, apart from sharply reduced turnovers in silver contracts. The remaining markets continue to flourish and traders are confident that the remarkable growth rate of the past decade can easily be maintained.

The number and variety of futures contracts available for trading is still growing. The big grain markets on the Chicago Board of Trade have had a new lease of life following the tightening of world supplies, and the soyabean complex markets are still by far the most active in the world.

The nearby Chicago Mercantile Exchange has in recent years created a huge new agricultural futures sector — notably for live cattle and live hogs — which have been very successful. At the same time the offshoot of the Mercantile — the International Monetary Market (IMM)—threatens to outgrow its parent with its highly successful financial futures contract and the second biggest gold contract.

Comex in New York remains the largest metals futures centre, but has had mixed success with financial futures markets. It faces strong competition in this sector from the newly launched New York Futures Exchange (NYFE).

The other New York exchanges have well-established "international" markets for sugar, cocoa and coffee, as well as the highly professional cotton futures market that sets world prices and even orange juice futures. The Mercantile Exchange in New York—as opposed to Chicago—is also expecting great things from its heating oil futures contract that has been attracting more and more support. It hopes to receive a further boost when London launches its gas oil futures market in April, since this should provide opportunities for arbitrage trading in both markets.

Awareness

Overseas trading in the U.S. markets has risen considerably over the past decade, in line with the improvement of international communications and the increased investor awareness, especially in the U.S., that events in one part of the world can have important repercussions elsewhere.

Although U.S. markets remain dominated by domestic influences, since the major proportion of trading comes from Americans, they are by no means as insular as in the past and many of the newer markets, especially metals and financial instruments, are truly international. Since the lifting of UK foreign exchange restrictions British companies have taken a greater interest in markets previously ignored, particularly the Chicago contracts which in the past have been a closed book to traders in London.

In Europe doubts and suspicion about the U.S. markets remain, partly because of contracts, like pork-bellies (bacon sides) that are very domestically orientated, and partly because of the large speculative element in the U.S. markets. London traders often tend to criticise U.S. markets on the grounds that they are too speculative, but this ignores the different structures of the London and American futures markets.

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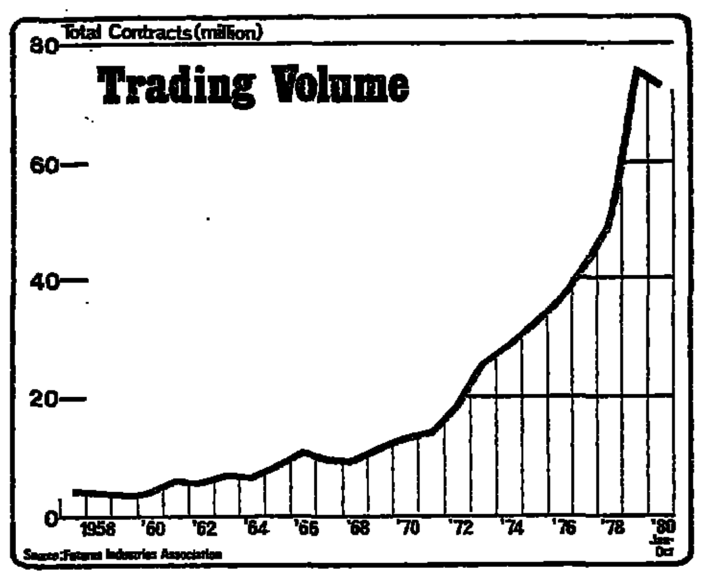

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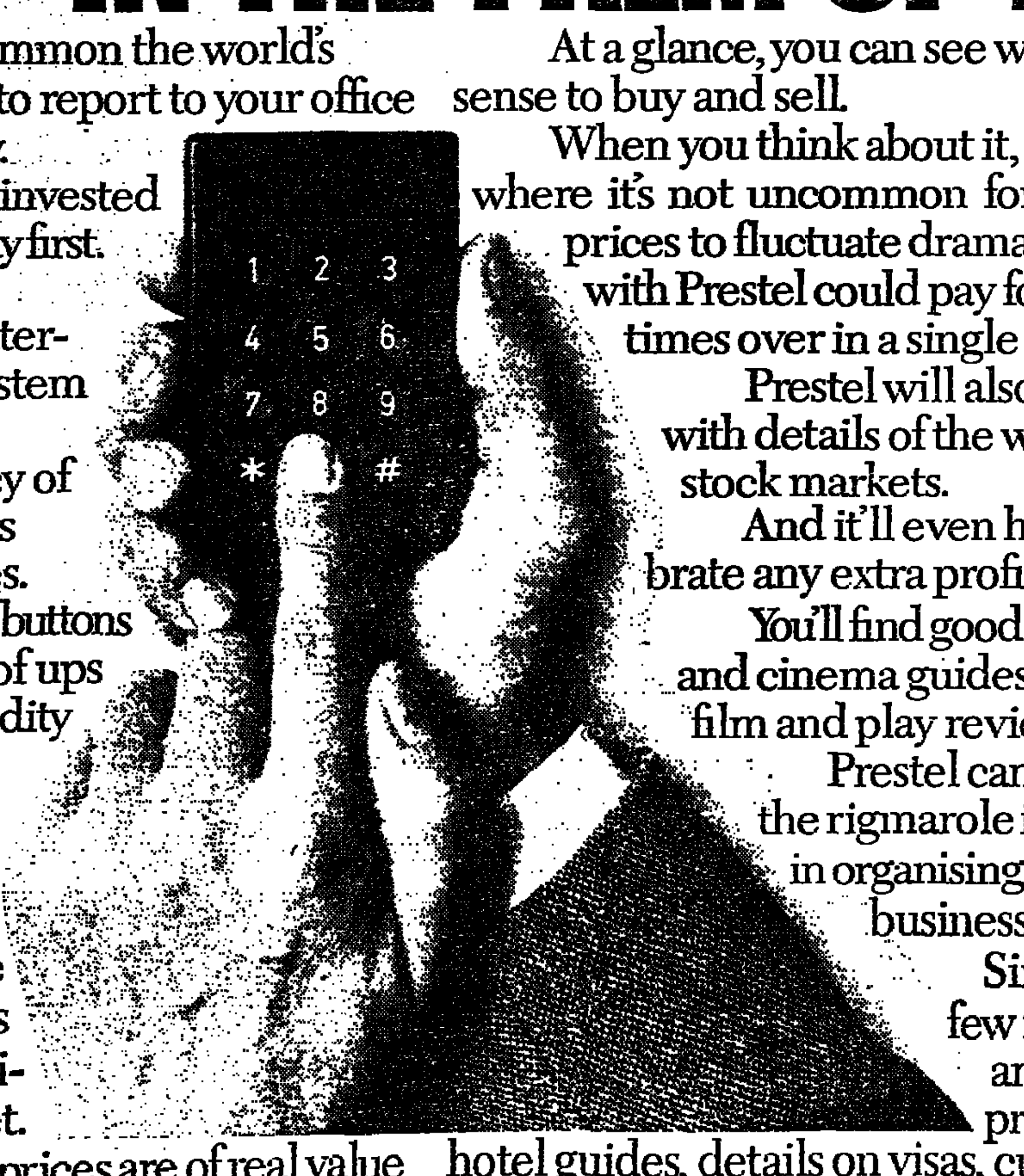
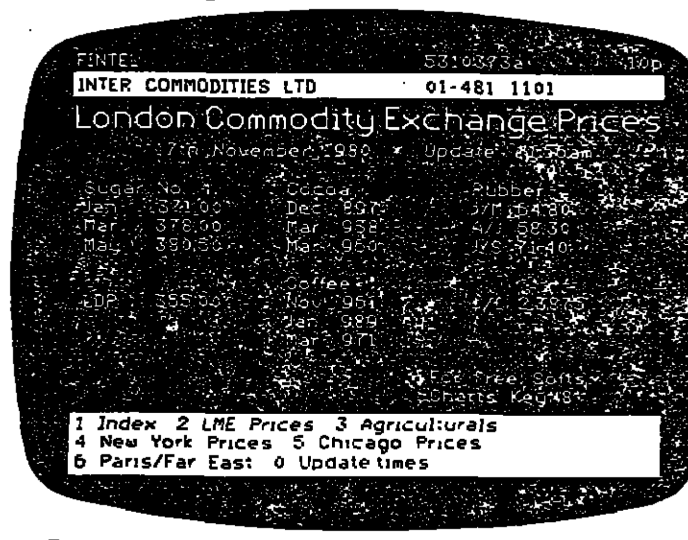


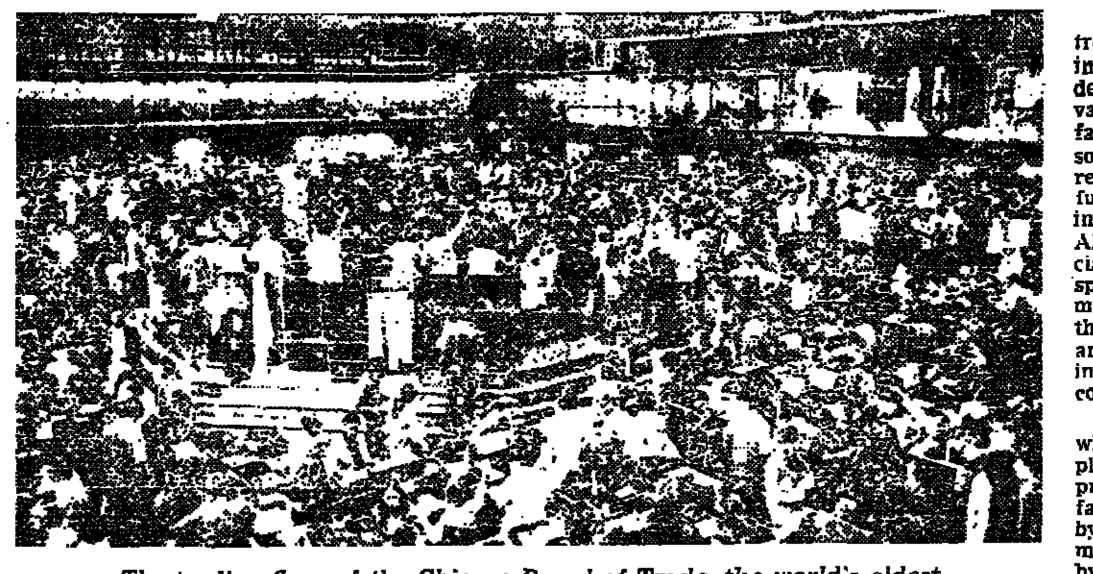


U.S. FUTURES MARKETS II

New frontier of capitalism

THE MAIN CENTRES

JOHN EDWARDS



The trading floor of the Chicago Board of Trade, the world's oldest and largest commodities futures exchange

CAPITALISM IS alive and well. That is the immediate impression conveyed by the frantic activity on the giant Chicago futures market. To the outsider viewing the markets during trading hours, especially at the opening each morning, it must appear they have wandered into a world of madness.

The crescendo of noise is frightening as traders in the pits shout, scream, push, grab and *sometimes even punch their* fellow traders crushed together like travellers in the Subway morning rush hour. Even hardened London commodity traders blench at the sight.

But it is possible to detect underneath the riot, signs of order and organisation that make the markets some of the most efficiently organised in the world.

Prices, conceived in the maelstrom of the pits, flash up on the boards within seconds and are sent round the world in under a minute as the communications network takes over. Information of all kinds, ranging from weather forecasts to the latest housing starts in West Germany, flows into the pits and is quickly reflected in price movements. Slips of paper casually thrown down by traders in the pits are gathered up by armies of young messengers, carefully checked and then put into the system, under which fortunes are lost and *made* daily.

Arbiter

Price is the ultimate arbiter of all developments, whether political, economic or climatic. Futures are a true reflection of fundamental market forces at work; the meeting place between buyers and sellers where the value of a commodity is judged by one simple *criterion—what is someone prepared to pay for it?*

The Chicago futures markets have been built up over the years—its Board of Trade is over 100 years old—to provide the right kind of environment for the price-deciding mechanism to work, reflecting all possible influences. The great strength of the Chicago markets is the "pool" of local professional speculators who provide the liquidity needed to ensure that the markets work properly and are not artificially distorted.

A trade hedger's nightmare is to be caught in a market where he cannot buy or sell easily without distorting prices out of line with the physical trade. It is the "locals" who provide underlying support for markets all the time and often carry them through periods of inactivity or when they are just starting up and the trade hesitates to participate.

Membership of the exchanges is confined to individuals, who have to pass rigorous tests to prove they can trade properly and meet any financial liabilities. The "locals" are independent, living on their wits, either trading for themselves or dealing for others.

Their capital investment is the price of their membership seat and there is virtually a separate market in the cost of membership, which is limited to a constant number. The rise — and fall — in the price of seats reflects the success or otherwise of the exchanges' markets. For many years now seats have been an extremely good investment with the price rising dramatically to record levels in line with the growth of interest in futures trading. This has helped bolster and encourage "locals" to trade, but there is always a heavy turnover since daily trading is both risky and exhausting in the constant atmosphere of high tension.

At the same time many companies have their own seats, owned through individuals. These include the commodity commission houses as well as big grain companies and financial institutions, which like to be close to what is affecting their customers. The commission houses have their own army of members trading on their behalf, but they often use "locals" either for the latters' expertise or to disguise particular trading tactics.

All members are tied eventually to one of the companies in the independent clearing house, since all trades have to pass through a clearing member at one stage. Clearing members charge a commission on transactions, so it makes sense for a large company with lots of trading to become a clearing member.

The clearing system in U.S. markets differs radically from those in London. The clearing house is formed by a number of companies operating in the markets and the risks are therefore spread far and wide in the event of any default. But perhaps the most practical difference is that the clearing house insists on being balanced up every night. It demands immediate payment of any sums outstanding but also pays out any surplus funds to traders on the right side of the market making money.

This is important in view of the large amounts involved because of the interest that can be earned from surplus funds. U.S. tradess claim that the London system, where only outstanding sums are due for payment immediately, as being totally unacceptable in the American markets.

In Chicago there are three separate exchanges: The Chicago Board of Trade, which is the largest and oldest of all the futures markets: the Chicago Mercantile Exchange, *the second biggest* futures market and one that has made tremendous progress in recent years; and the Mid-America Commodities Exchange, which specialises in smaller size lots (1,000 instead of 5,000 bushels for grains) and acts as a sort of training ground for the bigger exchanges. In fact the mini-contracts offered by the Mid-American Exchange have been gaining in popularity with the rise in prices, since the minimum lots of the Board of Trade grain markets, for example, involve sizeable sums these days.

Rivalry

There is considerable rivalry between the Board of Trade and the Mercantile Exchange, especially in financial instrument markets where they are in direct competition. The Mercantile claims to have conceived the whole idea of financial futures markets first, encouraged by the economist Milton Friedman, but the Board of Trade launched the first interest rate market. They are both now faced with heavy competition from New York, especially with the introduction of the New York Futures Exchange (NYFE) by the New York Stock Exchange.

Nevertheless, the Chicago exchanges are confident that they can stay ahead given the head start they have achieved in launching the concept and the strong body of "locals" that ensure liquidity. On both exchanges, separate memberships have been introduced for the financial instrument markets.

In the case of the Mercantile Exchange there has been a complete division with the formation of the International Monetary Market (IMM) that operates autonomously from from the parent exchange and groups together all the financial contracts ranging from the highly successful gold futures —second only to the New York contract—foreign currencies and the interest rate futures. The Mercantile scored a considerable success in establishing its gold contract in the teeth of strong competition from the older and bigger Board of Trade.

It is also a clear leader in foreign currencies, which have attracted considerable interest both domestically and from across the Atlantic. Although some European traders find it cheaper to deal in foreign currencies via the banks, which do not require the same kind of margins, it is evident that the Mercantile's foreign currencies futures do fulfil a genuine *need*.

While developing its financial markets the Mercantile has also achieved considerable success in expanding its agricultural and livestock markets. These include the successful introduction of "live" cattle and hogs, as well as pork bellies and a range of other markets. In fact live cattle is the most active single contract on the Mercantile, although it is being challenged hard by financial contracts.

Considerable time and effort is spent in "educating" farmers and the appropriate trade interests on how to use the futures markets to their advantage. So although there is a large speculative element the markets have solid background support from the agricultural sector that more than justifies their existence.

The Board of Trade was built up on its grain futures markets, which set the world prices for wheat, maize (corn) and soybeans.

The past year has seen a tremendous revival of interest in grains as a result of the depletion in world stocks aggravated by the Russian crop shortfall. The soyabean complex—soyabean meal and edible oil—remain by far the biggest futures markets in the world in terms of volume traded. Although there is constant criticism from outsiders of the speculative activity in the market there is little doubt that the markets are widely used and followed by the agricultural industry as well as grain-using companies.

They set the guidelines on which U.S. farmers base their planting intentions as well as providing the vital hedging facilities required, particularly by shippers. Although the markets tend to be dominated by domestic influences, there is great overseas interest in the Chicago grain futures market since the U.S. is by far the biggest world grains exporter.

In recent years the Board of Trade has tended to leave development of new agricultural futures markets to the Mercantile, preferring to concentrate on financial markets. But it is now planning to introduce several new contracts, including a cotton futures market to rival New York and a sunflower seed market. It also proposes to start a heating oil contract, similar to the existing market in New York and the planned one in London.

Contract

It also wants to introduce a new silver contract, with minimum lots reduced to *1,000 oz compared* with the existing contract of 5,000 lots that has fallen on lean times since the Hunt-inspired silver crisis last year.

Both the Board of Trade and the Mercantile Exchange have plans for a large extension in trading space, with the Mercantile moving to totally new premises while the Board of Trade is enlarging its existing building.

They obviously believe that the expansion in futures trading will continue unabated. After the introduction of financial instruments there are several potential areas for new markets —oil, coal and other forms of energy are one idea; so are shipping freight rates. And in New Orleans it is hoped to launch shortly the first rice futures market as well as an alternative cotton futures contract.

It could be some time before these proposed new contracts receive approval from the Commodity Futures Trading Commission, given the lengthy delays that have already occurred and the possible different views of the Reagan Administration. But for the moment prospects for the continued expansion of futures trading look bright in a world where uncertainty and doubts about the value of "paper" money are attracting more and more investors into tangibles.

Records tumble month by month

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VOLUME HIGHLIGHTS

Contracts with volume over 100,000	1979 Contracts ('000)	1979 %	1978 Contracts ('000)	1978 %
Soybeans, Chicago BOT	9,114	12.00	8,477	14.50
Corn, Chicago BOT	8,671	11.42	6,127	10.48
Live cattle, Chicago Mercantile	7,214	9.50	5,592	9.57
Gold, Commodity Exchange	6,541	8.61	3,742	6.40
Silver, Commodity Exchange	4,080	5.37	3,822	6.54
Wheat, Chicago BOT	3,575	4.71	2,556	4.37
Gold, Chicago Mercantile	3,558	4.68	2,812	4.81
Soybean oil, Chicago BOT	3,081	4.06	2,909	4.98
Silver, Chicago BOT	2,720	3.58	2,657	4.55
Soybean meal, Chicago BOT	2,647	3.49	2,493	4.26
Copper, Commodity Exchange	2,301	3.03	1,408	2.41
T-Bonds, Chicago BOT	2,059	2.71	555	.95
T-Bills (90-day), Chicago Mercantile	1,930	2.54	768	1.32
Live Hogs, Chicago Mercantile	1,805	2.38	1,765	3.02
Sugar No. 11, Coffee, Sugar and Cocoa	1,792	2.36	1,016	1.74
Cotton No. 2, New York Cotton	1,689	2.22	1,155	1.98
Pork bellies, frozen, Chicago Mercantile	1,514	1.99	1,439	2.46
GNMA mortgages, CDR, Chicago BOT	1,371	1.80	953	1.63
Wheat, Kansas City BOT	1,037	1.37	755	1.29
Feeder cattle, Chicago Mercantile	980	1.29	568	.97
Soybeans, Mid-America	964	1.27	994	1.70
Lumber, Chicago Mercantile	649	.85	560	.96
Platinum, New York Mercantile	536	.71	405	.69
Pound Sterling, Chicago Mercantile	513	.68	240	.41
Swiss franc, Chicago Mercantile	493	.65	321	.55
Deutsche Mark, Chicago Mercantile	450	.59	400	.68
Coffee "C," Coffee, Sugar and Cocoa	449	.59	163	.28
Canadian dollar, Chicago Mercantile	399	.53	207	.35
Wheat, Mid-America	379	.50	205	.35
Silver, Mid-America	361	.48	378	.65
Japanese yen, Chicago Mercantile	329	.43	361	.62
Wheat, Minneapolis Grain	328	.43	284	.49
Corn, Mid-America	323	.43	256	.44
Cocoa (30,000 lbs), Coffee, Sugar and Cocoa	231	.31	222	.38
Oats, Chicago BOT	215	.28	215	.37
Live cattle, Mid-America	208	.28	54	.09
Gold, Mid-America (33.2 ozs)	200	.26	41	.07
Orange juice, frozen concentrate, New York Cotton	186	.24	285	.49
Potatoes, New York Mercantile	183	.24	453	.77
Plywood, Chicago BOT	146	.19	261	.45
Live hogs, Mid-America	127	.17	185	.32
Contracts with volume under 100,000 contracts	593	.78	382	.66
TOTAL	75,966	100	58,462	100

Source: Futures Industry Association.

In America liquidity is considered to be the key element in making a futures market successful or not. It is argued that the trade cannot use the market properly for hedging unless there are sufficient numbers of buyers and sellers available to absorb trade business, which usually tends either to be all bullish or bearish. Speculators provide the other side of the market, as permanently willing buyers or sellers if the price is right.

A feature of the U.S. markets which distinguishes them from *London are the "locals," who* either trade purely on their own account or deal on behalf of clients, speculative or trade. Locals account for something like 60 per cent of the total turnover on the Chicago markets and they often specialise in one particular aspect—arbitrage trading or "scalping"—taking advantage of price differentials. Since many of them rely on commodity trading for their livelihood, and view their seats on the exchanges as capital investment, they are extremely professional dealers.

It is also true that there is far more speculative interest in commodity futures in the U.S. than in London, mainly because there is more "risk" money around and the exchanges have made big efforts to dispel the kind of mystique which surrounds the London markets. It follows that they are also far more tightly regulated in attempts to protect the unwary *speculator from disaster*.

Mr. James Stone, chairman of the U.S. Commodity Futures Commission, after a visit to London last year openly admired the laisser-faire, self-regulating attitude governing the British futures markets, but claimed it would simply not work for the larger and more complex U.S. exchanges.

The difference between the two centres is well illustrated by the conflict over "foreign" trading in the U.S. markets. Domestic traders have to report details of all their transactions, going right back to the original client, so that the CFTC has a full picture of what is going on and can take evasive action if the markets are being manipulated unfairly.

The CFTC wanted to extend the same rules to foreign traders but it was pointed out in strong terms that this was in breach of the traditional confidential relationship in Europe between broker and client. Indeed in Switzerland a broker can go to jail for revealing his client's *identity without permission.*

So an impasse has been reached, with the CFTC insisting that foreign traders must abide by local rules when trading the U.S. and overseas companies arguing that they cannot—but that their presence in the U.S. markets is essential to maintain the international balance.

The latest compromise proposal to emerge from the CFTC is that it would only demand confidential information in a market crisis from traders with large orders, but would immediately liquidate the holdings if the trader failed to provide the details requested. However, there will be differing interpretations as to when a crisis exists and what is defined as a large order, and in any event the CFTC has first to find out whether it is legally possible to impose its view.

A flow of other proposed regulations has recently emerged from the CFTC at a time when its role is likely to be radically changed as a result of a Republican Administration coming to power. Although the Bunker Hunt-inspired silver crisis at the beginning of 1979 encouraged moves for stricter regulation of the futures markets, controversy remains on how this will be achieved; whether there should be more or less Government interference.

THE RANGE OF COMMODITIES

(No. of futures contracts)

	Contract Unit	1979	1978	1977
CHICAGO BOARD OF TRADE				
Wheat	5,000 bshls.	3,575,395	2,556,134	1,820,790
Corn	„	8,671,719	6,127,099	5,021,827
Oats	„	215,928	215,774	109,970
Soyabeans	„	9,114,348	8,477,277	7,996,139
Soyabean oil	60,000 lb	3,081,646	2,909,284	2,535,046
Soyabean meal	100 tonnes	2,647,821	2,493,086	2,373,453
Iced broilers	30,000 lb	25,681	74,684	64,938
Silver	5,000 oz	2,720,589	2,657,833	2,257,059
Gold	3 kg	12,844	56,470	13,758
Gold	100 oz	97,589	—	—
Plywood	76,032 sq. ft.	146,570	261,483	368,770
Stud lumber	100,000 bd. ft.	—	—	—
GNMA mrtges, CD#	$100,000	77,365	6,527	—
GNMA mrtges, CDR#	„	1,371,078	953,161	422,421
Com. paper (90-day)	$1m	39,702	18,767	3,553
Com. paper (30-day)	$3m	1,292	—	—
T-notes (4-6 yr)	$100,000	11,599	—	—
T-bonds	$100,000	2,059,594	555,350	32,101
TOTAL		33,870,680	27,362,929	23,019,825
MIDAMERICA COMMODITY EXCHANGE				
Wheat	1,000 bshls.	379,975	205,629	151,433
Corn	„	323,808	256,022	280,268
Oats	5,000 bshls.	1,961	1,433	1,172
Soyabeans	1,000 bshls.	964,596	994,932	1,104,763
Silver	1,000 oz	361,576	378,049	366,585
U.S. silver coins	$5,000	—	—	—
Gold	1 kg	4	3,214	2,650
Gold	33.2 oz	200,359	41,939	—
Live cattle	20,000 lb	208,997	54,054	—
Live hogs	15,000 lb	127,674	185,927	159,324
TOTAL		2,568,950	2,121,189	2,066,195
KANSAS CITY BOARD OF TRADE				
Wheat	5,000 bshls.	1,037,018	755,949	617,122
Corn	„	—	—	—
Grain sorghum	280,000 lb	—	—	15
TOTAL		1,037,018	755,949	617,137
MINNEAPOLIS GRAIN EXCHANGE				
Wheat	5,000 bshls.	328,799	284,313	191,098
Durum wheat	„	—	—	36
TOTAL		328,799	284,313	191,134
CHICAGO MERCANTILE				
Fresh eggs	22,500 doz	21,224	72,984	130,042
Nest run eggs	„	—	—	—
Butter	30,000 lb	—	—	—
Potatoes	80,000 lb	1,126	90	4,727
Live hogs	30,000 lb	1,805,710	1,765,201	1,307,712
Pork bellies, Fzn	38,000 lb	1,514,176	1,439,651	1,358,730
Live cattle	40,000 lb	7,214,848	5,592,364	2,639,517
Feeder cattle	42,000 lb	980,619	568,728	133,274
Hams	36,000 lb	—	—	—
Turkeys	36,000 lb	—	—	144
Boneless beef	30,000 lb	—	—	41
Broilers	30,000 lb	7,794	—	—
Lumber	100,000 bd. ft.	649,478	560,498	486,691
Stud lumber	100,000 bd. ft.	5,059	9,365	687
Grain sorghums	400,000 lb	—	—	—
Copper	12,500 lb	—	—	—
British pound	25,000	513,682	240,099	78,701
Canadian dollar	100,000	399,885	207,654	161,139
Deutsche Mark	125,000	450,856	400,569	134,368
Japanese yen	12,500,000	329,645	361,731	82,261
Mexican peso	1,000,000	28,982	17,844	17,029
Swiss franc	125,000	493,944	321,451	106,968
Dutch guilder	125,000	22	3,585	2,812
U.S. silver coins	$5,000	59	275	371
French franc	250,000	406	4,449	3,150
Gold	100 oz	2,558,960	2,812,870	908,180
T-bills (90-day)	$1m	1,930,482	768,980	321,703
T-bills (1-yr)	$250,000	11,769	5,564	—
T-notes (4-year)	$100,000	11,072	—	—
TOTAL		19,930,798	15,153,952	7,878,247
COMMODITY EXCHANGE INC. (NEW YORK)				
Copper	25,000 lb	2,301,033	1,408,688	1,070,210
Zinc	60,000 lb	75	677	—
Silver	5,000 lb	4,080,619	3,822,085	3,540,047
Gold	100 oz	6,541,893	3,742,378	981,551
Mercury	10 flasks	—	—	—
Rubber	22,040 lb	—	—	—
T-bills (90-day)	$1m	27,860	—	—
GNMA mrtges, CD	$=100,000	872	—	—
TOTAL		12,952,353	8,973,828	5,591,808
AMEX. COMMODITY EXCHANGE				
GNMA mrtges, CD	$=100,000	52,493	16,671	—
T-bills (90-day)	$1m	4,334	—	—
T-bonds	$=100,000	7,492	—	—
TOTAL		64,319	16,671	—
COFFEE, SUGAR AND COCOA EXCHANGE (NEW YORK)				
Coffee "C"	37,500 lb	449,799	163,959	214,202
Coffee "B"	32,000 lb	—	—	—
Sugar #11	112,000 lb	1,792,723	1,016,772	1,055,984
Sugar #12	„	35,474	21,875	15,676
Sugar, domes (10 & 7)	„	—	—	—
Cocoa	30,000 lb	231,918	222,732	307,628
Cocoa	100 tonnes	265	—	—
Rubber	33,000 lb	—	—	53
TOTAL		2,510,179	1,425,339	1,593,543
NEW YORK COTTON EXCHANGE CITRUS AND PETROLEUM				
Cotton #2	50,000 lb	1,689,051	1,155,801	826,395
Orng Jce, fzn conc.	15,000 lb	186,018	285,405	377,921
Propane	100,000 gall.	57	3	301
Petroleum	5,000 brls.	—	—	—
Wool	5,000 lb	—	—	3
TOTAL		1,875,126	1,441,209	1,204,620
NEW YORK MERCANTILE EXCHANGE				
Palladium	100 oz	46,994	45,174	19,971
Platinum	50 oz	536,124	405,748	122,924
U.S. silver coins	$10,000	5,462	9,887	15,514
Gold	1 kg	171	620	1,017
Gold	400 oz	533	2,748	2,633
British pound	25,000	420	500	—
Canadian dollar	100,000	3,866	181	—
Deutsche Mark	125,000	182	1,844	—
Japanese yen	12,500,000	43	441	—
Belgian franc	2,000,000	—	—	—
Swiss franc	125,000	45	401	—
Mexican peso	1,000,000	—	—	—
Imported lean beef	36,000 lb	16,704	5,890	2,690
Potatoes, Maine	50,000 lb	—	—	41,248
Potatoes	50,000 lb	183,868	453,215	478,558
No. 2 heating oil	1,000 brls.	33,894	116	—
No. 6 ind'l fuel oil	1,000 brls.	33	28	—
TOTAL		828,249	926,793	684,555
TOTAL ALL CONTRACTS		75,966,471	58,462,172	42,847,064
Change from previous year		+29.9%	+36.3%	+16.3%

Silver sullied–Gold untarnished

PRECIOUS METALS

JOHN EDWARDS

U.S. COMMODITY exchanges are still suffering from the aftermath of the great silver "boom," and subsequent "bust." in late 1979 and early 1980. Turnover on the two main silver futures markets in New York and Chicago has fallen sharply, reflecting unease at the thought of becoming involved again with a market whose volatility proved astonishing even for commodity traders inured to dramatic price swings.

The swift rise in the price from under $10 to over $50 an ounce in the space of a few months was bad enough. But the subsequent Congressional *investigation into the activities* of the Hunt family, and other powerful speculators seeking to corner the market, brought out many background details that did not reflect well on the exchanges.

Most serious of all were allegations that the exchanges changed the rules to suit influential individuals helping to run the exchanges who were on the "wrong" side of the market *and faced being wiped out financially*. Both the Chicago Board of Trade and Comex in New York strongly deny these accusations, and have produced volumes of evidence to show they acted responsibly and in the best interests of the markets as a whole.

Nevertheless the whole episode left a nasty taste and at one stage trading activity was reduced almost to a standstill by the restrictions imposed. Suspicion remains and the silver markets are now a pale shadow of their former selves.

At the same time the silver "crisis," which at one time threatened to have serious ripple effects on the banking and financial community, is being used as a platform to introduce stricter regulations. Limits are being proposed on *the size of positions that can be* held by individuals or groups, and there is growing pressure for increased margins to be introduced by brokers. Still overhanging the markets are the large holdings of silver retained by the Hunt family; these are due to be liquidated over an unspecified period and at unspecified prices. The sense *of shock after the blaze of publicity* that surrounded the attempted "cornering" of the market by the Hunt family and associates, remains. Margins have been sharply reduced to tempt trading back into the market, and there are also plans to reduce the minimum lot size from 5,000 oz to 1,000 oz of silver to enable broader participation by smaller speculators.

It may be some time, however, before the markets recover from the traumatic events of last year. In addition, the previous popularity of silver as a tax "straddle" to enable tax payments to be carried over for a period has diminished following investigations by the U.S. Inland Revenue Services into this whole type of operation.

Meanwhile the popularity of gold futures continues untarnished. The New York gold futures market is constantly reporting record turnovers and it is followed close behind by *the Chicago Mercantile Exchange*, which has a very similar contract. This enabled some heavy arbitrage trading between the Chicago and New York markets and no doubt this will be extended to include the proposed London gold futures market when it is launched this year.

Gold is still the "king" commodity so far as outside commodity speculators are concerned and usually sets the pattern for other metals and commodities.

Considerable interest has been shown too in the free market platinum—and to a much lesser extent palladium—futures contracts on the New York Mercantile Exchange.

Platinum futures have been particularly successful, heavily influencing London free market prices and indirectly movements in the official prices charged by the South African producers. There has been some criticism that on occasions the markets for platinum and palladium are too "thin" and can be easily manipulated. Nevertheless, they *have established a prime role* in free market pricing of these metals, which have attracted considerable support among speculators as an alternative investment to gold and silver.

HOW GOLD FUTURES AND SPOT DEALINGS COMPARE

Gold futures trading has won tremendous popularity since it was first introduced in the U.S. at the beginning of 1975, when the ban on private ownership of gold bullion was lifted. U.S. exchanges provide a flow of information in simple terms to explain how the futures markets work. Below is an explanation by the Chicago Mercantile Exchange of the difference between the U.S. gold futures and U.S. and European gold bullion markets.

IMM Futures Market	Dealer (Cash) Market
1. Participants are either buyers or sellers at a single, specified price at any given point in time.	1. Participants make two-sided markets. (quoting two prices that indicate a willingness to buy at the lower price and to sell at the higher price).
2. Non-member participants deal through brokers, who represent them on the IMM floor.	2. Participants deal on a principal-to-principal basis.
3. Market participants are usually unknown to one another except where a firm is trading its own account through its own brokers on the IMM trading floor.	3. Participants in each transaction always know who is on the other side of the trade.
4. *Trading is conducted* in a competitive arena by "open outcry" of bids, offers, and amounts.	4. Trading is done by telephone or telex with customer orders coming into each dealer's trading room.
5. *Participants include those* who are in the gold business as well as those who are not, including large and small "retail" or individual speculators and investors.	5. *Trading is dominated by* participants in the precious metals business: access for individuals is limited.
6—Daily price and volume statistics are disseminated publicly by the IMM.	6—Actual prices are not publicly available (applies to daily trading: fixes are exceptions) and no data are available on total volume.
7—The Exchange's Clearing *House becomes the opposite* side to each cleared transaction; therefore, the credit risk for a futures market participant is always the same and there is no need to analyse the credit of other market participants	7—Each party with whom a dealer does business must be individually examined as a credit risk and credit limits must be set for each. There may be a wide range in the credit capabilities of participants.
8—*Margins are required of* all participants.	8—Margins are not always required, depending upon a dealer's assessment of each counterpart to a transaction.

IMM Futures Market	Dealer (Cash) Market
9—Settlements are made daily via the Exchange's Clearing House. Gains on position values may be withdrawn and *losses are collected*.	9—Settlement takes place two days after spot transactions. For forward transactions settlement occurs two days *after the maturity date*.
10—A small percentage (usually less than 1 per cent) of all contracts traded results in actual delivery.	10—The majority of trades results in delivery.
11—Generally, trading is in contracts for future delivery.	11—The bulk of trading is spot.
12—Long and short positions are easily liquidated.	12—*Forward agreements are* not easily offset or transferred to other participants.
13—Standardised dates are used for delivery of gold in the spot month and/or the quarterly months of March, June, September, and *December.**	13—Forward contracts can be *delivered at any date agreed* upon between the buyer and seller.
14—Contract size is 100 troy ounces of .995 fineness.	14—Dealers normally trade 400-ounce bars of .995 fineness, though other weights and *qualities are available*.
15—Pricing basis is for Chicago or New York delivery. Specifications of IMM gold contracts allow delivery at seller's option in designated warehouses in either Chicago or New York.	15—Pricing basis is normally for London delivery, though delivery charges for other *locations may be included by* dealers at customer request.
16—A single, round-turn (in and out of the market) commission is charged. It is negotiated between broker and customer and *is relatively* small in relation to the value of the contract.	16—No commission is charged, but the dealer's cost of making the transaction is built into the price and often *substantially exceeds that of* the futures market commission.

* *The Board of Governors may add additional contract months from time to time. Spot months are opened at each interval between the "regular" contract months.*

Playing for high stakes in a big game

TRADING METHODS

JOHN EDWARDS

COMMODITY GROUPS

	1979 Contracts ('000)	1979 Per cent of total	1978 Contracts ('000)	1978 Per cent of total
Precious metals	18,163	24.0	13,979	23.9
Soybean complex	15,808	20.8	14,874	25.4
Grain	14,534	19.1	10,402	17.8
Livestock and products and poultry	11,962	15.7	9,686	16.6
Financial instruments	5,607	7.4	2,325	4.0
Import agricultural commodities*	2,510	3.3	1,425	2.4
Non-precious metals	2,301	3.0	1,409	2.4
Foreign currency	2,222	2.9	1,560	2.7
Other agricultural commodities†	2,061	2.7	1,967	3.4
Lumber products	801	1.1	831	1.4
Petroleum products	33	—	—	—

* Excludes imported beef.
† Cotton, orange juice, potatoes and eggs.

TRADING ON the U.S. futures markets may only be a telephone call (to a broker) away. But there are major differences between the American and London markets.

Perhaps the biggest difference is the sheer size of the American markets, both in numerical and volume terms. There is enormous scope to trade in anything from orange *juice futures to lumber, live* hogs, metals, grains, foreign currencies and Treasury bonds. At the same time the volume of funds coming into the markets is frighteningly large in UK and European terms. Americans are very much more aware of the opportunities available for speculating in commodities and treat futures trading just like dealing in stocks and shares.

*Recently the idea of invest*ing in strategic metals has been popularised by books and pamphlets, as well as by the army of financial "advisors" who keep sharp eyes open for any way in which to use their clients' funds to best advantage.

Leverage

The great attraction of futures, however, is the involvement in a tangible raw material with an outlay confined only to a margin of around 10 per cent normally—the kind of leverage that makes for high profits, and high losses.

Because of the risks involved there has been considerable movement recently by private speculators towards managed or discretionary funds, where there is a limited liability even though the profits potential may be reduced.

The growth of these private funds has brought a great many new big operators on to the markets. So has the extension of futures trading into financial instruments, where the basic value of contracts dealt in is very big—a minimum lot of $1m is required in many cases. Even with a margin of 10 per cent this still represents a lot of money.

The Hunt family was only *one of the many big private* speculators — individuals or groups that operate in the markets on a huge scale, put*ting up money in amounts* the London markets would almost certainly not be able to handle properly. It is a big game, where the small players are often hurt by the sheer size of their opponents' pockets. Many lambs are slaughtered, but there is always the lure of the individual who makes a fortune —and is sometimes clever enough to keep it.

The professionalism and expertise on the U.S. markets is immense, even though at times the wild gyrations in prices, apparently on unfounded rumours making the outsider wonder what is happening.

The point is that the U.S. markets are often motivated by very different forces from those in London. Traditionally the British markets have been dominated by the trade and there*fore tend to react more predict*ably to supply-demand developments. That is not always the case in America. There speculators are usually the dominant short-term influencing factor and their behaviour is often not regulated by supply-demand developments. They are more concerned with the technical situation in the market. If it is overbought, prices may go down despite the most "bullish" news, for example.

The relationship between different markets on the same exchange is also much closer. *Unlike their counterparts in* London, many of the members on the U.S. exchanges trade in several diverse markets, ranging for soyabeans to silver and interest rate futures.

So collapse, or boom, in one market can have a considerable impact on a totally unrelated commodity. For example, if silver prices fall sharply, resulting in heavy losses for some traders, there might well be a *spate of selling in the grain* markets as these traders seek to raise money to pay their silver margins. Similarly a boom in silver might well encourage fresh buying in grains as traders speculate with the money they have made in silver and spread the risk.

In the U.S. markets there is a tradition of trading in several markets at the same time, either to spread the risk or take *advantage of differentials*. There is the soyabean crush ratio, based on the cost of producing meal and oil. If the price of meal is at a certain point then the processor is able to produce oil at a lower price, and vice versa. There is also the traditional differentials between wheat, corn (maize) and soyabean prices, as well as between gold, platinum and silver.

There are endless variations on this theme, not only between futures in the same group but among entirely different commodities. Best known is the soyabean-silver link which baffled London metal traders. More recently the introduction of a diverse commodity (money) in the financial instrument markets means that there will be even more inter-market reactions to bewilder the outsider. *All kinds of complicated tech*niques have been devised by professional traders but these require very close links with the actual marketplace to be successful.

At the same time a growing influence on the markets comes from the technicians who know nothing about the individual commodities but simply rely on charts, computers or trends. Their reaction to market developments can prove baffling too; if the chart or computer says sell then they sell even in *the face of the most bullish* news.

The argument is that the market knows best, since price movements take into account every known factor (including those that may only be known

CONTINUED ON NEXT PAGE

Portfolios help spread the risk

COMMODITY FUNDS

TIM DICKSON

COMMODITY FUNDS in the U.S. are currently fashionable. Spectacular movements in certain commodities, particularly in 1979, and the dull performance of paper investments have lured small investors into the market in search of excitement and a real return. Funds have mushroomed in the last couple of years and probably something like \$200m to \$250m of private money is being managed in this form by experts from the securities firms and commodity broking houses.

Commodity funds, however, bear little resemblance to, say, the typical UK unit trust. A big advantage of commodity funds, admittedly, is diversification—funds spread their risks across perhaps a dozen different commodities. Moreover, the investor's liability is limited and in the helter skelter world of commodity futures it is comforting to know that unlike those who invest direct you cannot lose more than you originally put up.

As the accompanying table shows, however, the risks of being completely wiped out do have to be taken seriously. Last year three commodity funds Mountain View Futures, McLean Futures and McLean Futures II were liquidated by their managers either after losing everything or after falling below the point where they were required to liquidate. Antares Futures was dissolved at \$565 (a capital dividend of \$900 had previously been paid) when the manager died.

Sharp movements in U.S. interest rates have been a particular headache over the past year and were certainly responsible for the demise of the McLean Futures Fund, sponsored by ContiCommodities. McLean Futures II, heavily silver-orientated, was in fact the first to go in the March 1980 shake-out which accompanied the Nelson Bunker Hunt silver market debacle.

At the beginning of December McLean Futures (1) was hit by the then record rise in U.S. interest levels. Ironically, after recovering from a price of \$380 per \$1,000 unit in May to more than \$1,900 at the end of November, the fund was completely wiped out in a matter of days. Most of the funds are run by trend followers —"technicians" who use computerised and other highly sophisticated equipment to plot the market — rather than the "fundamentalists" who rely on demand/supply equations. The "technicians" mostly did well over the first 10 days of December, though the two Harvest funds —sponsored by Heinold and run by fundamentalists—also plunged dramatically.

Commodity funds may be financially less risky than an individual commodity account but they certainly do not contribute to an uninterrupted night's sleep.

Liability

Most of the commodity funds offered by brokerage houses generally involve four parties. First there is the investor, or "limited partner" as he is known, whose liability is limited to the amount originally invested. Typically units are valued at \$1,000, with a minimum investment of five units —i.e., \$5,000. Funds are usually closed to new investors after an initial offer period.

Next there is the general partner, who tends to be an affiliate or subsidiary of a broker/dealer who sponsors the funds. Thirdly there is the sponsoring brokerage firm, through which all trading is done. Finally, and most important, there is the investment manager who takes all the crucial decisions.

The rewards of management, by UK standards at any rate, are high. The management fee can be anything between 3 per cent and 6 per cent of the fund's assets each quarter plus an incentive fee ranging from 10 to 15 per cent of the profits—if any. If the fund's value dips, however, the previous plateau has to be rescaled before any further incentive fee is earned. Typically about 5 per cent of investors' original outlay goes to the broker/sponsors.

Investors in commodity funds naturally leave to the manager the difficult decisions of when to cut losses or take profits. Individuals speculating on their own are required to make a deposit of between 5 and 10 per cent of the value of the contract. This gives them considerable gearing, but if the price moves against them they are required to top this up, or make a "variation call," as it is technically known.

Most funds tend to keep about two thirds of their assets in reserve for variation calls. This is commonly invested in U.S. Treasury bills which recently have been yielding a hefty income. Even so with, say, \$2m of a \$4m fund invested in deposits, the potential liability of the fund (i.e., the sponsor) could be 5 to 10 times its value.

Sponsoring firms rarely manage commodity funds themselves, preferring instead to hire out to one or even two or three independent firms.

The funds are organised as limited partnerships. One major drawback for active traders is that there is no effective secondary market. There is invariably a waiting period, sometimes as long as 30 days, before the investor is able to cash in —though as Mr. Carl Hoerning, administrative manager of Thomson McKinnon Commodities International points out, "Some of the newer funds are adapting more to what the public wants."

All the funds in the table are registered with the U.S. Securities and Exchange Commission for offering as securities. In addition there are a number of offshore funds, which tend to be structured differently, do not come under SEC regulations and which for tax purposes at least can obviously be more attractive to the investor.

U.S. COMMODITY FUNDS

	Date started	Starting value per unit (\$)	Unit value 30/11/80 (\$)	Unit value 10/12/80 (\$)
Chancellor Futures	February, 1980	1,000	737	1,002
The Galileo Futures	March, 1979	1,000	1,150	1,439
McLean Futures*	December, 1978	1,000	1,902	—
McLean Futures II*	August, 1979	1,000	—	—
Mountain View Futures*	September, 1976	1,000	—	—
The Dunn Corporation II	October, 1974	1,000	7,449	7,850
Aries Commodity		1,000	990	1,250
Harvest Futures	June, 1978	1,000	5,467	2,728
Harvest Futures II	February, 1980	1,000	878	506
Heinold Illinois Commodity	January, 1978	1,000	1,655	1,715
Heinold Recovery I	March, 1978	465	1,197	1,249
Heinold Recovery II	March, 1978	189	494	498
The Future Fund	July, 1979	1,000	2,166	2,314
The Resources Fund	August, 1978	1,000	2,297	2,424
Hutton Commodity Partners	February, 1980	1,000	1,149	1,150
Antares Futures*	January, 1978	1,000	—	—
Commodity Trend Timing	January, 1980	963	1,312	1,500
Boston Futures	January, 1980	957	933	1,115
Thomson McKinnon Futures	April, 1975	942	1,342	1,581

* All now liquidated

Source: Norwood Securities, Chicago, Illinois.

In the interests of free and fair competition dealers are obliged to make their bids by voice and hand signals

High stakes

CONTINUED FROM PREVIOUS PAGE

to a select few). Many big speculators have made their fortunes by using this kind of trading techniques, but equally many fortunes have been lost.

The problem is that the volume of technician trading has grown to such an extent that it is self-fulfilling for a time at least and can thus distort the true market trend for a period. If the charts say sell at a particular point, the volume of selling by chartists is sufficient to push the market down and fulfil the prophecy even though values may quickly bounce back up again when other forces reassert themselves.

The big commission houses, which control very big funds garnered from big and small speculators as well at trade business, also plan an important role in influencing, and sometimes distorting, market prices. A buy or sell recommendation from a powerful commission house is often self-fulfilling too, simply because of the size of funds involved.

It is generally recognised that commission houses, relying on brokerage fees, constantly need to generate business in order tao pay their overheads. They do not like static markets, with no action, so they do their best to push prices one way or another using the funds under their control to achieve the objective. The idea is to run prices up with a buy recommendation, then run them down with a sell recommendation, hopefully making money in both directions. Of course it does not always work that way — other big traders may have different ideas — but nevertheless it is an important influence.

Bull or bear "raids" of this kind are much more common in the U.S. markets, with commission houses often aware of the fact that there are large stop-loss orders at certain price points, which once triggered off will accelerate the trend in the market artificially. Once these speculators with stop-loss orders have been eliminated, a good opportunity has been created to move in with a buy or sell order as the market returns to normal.

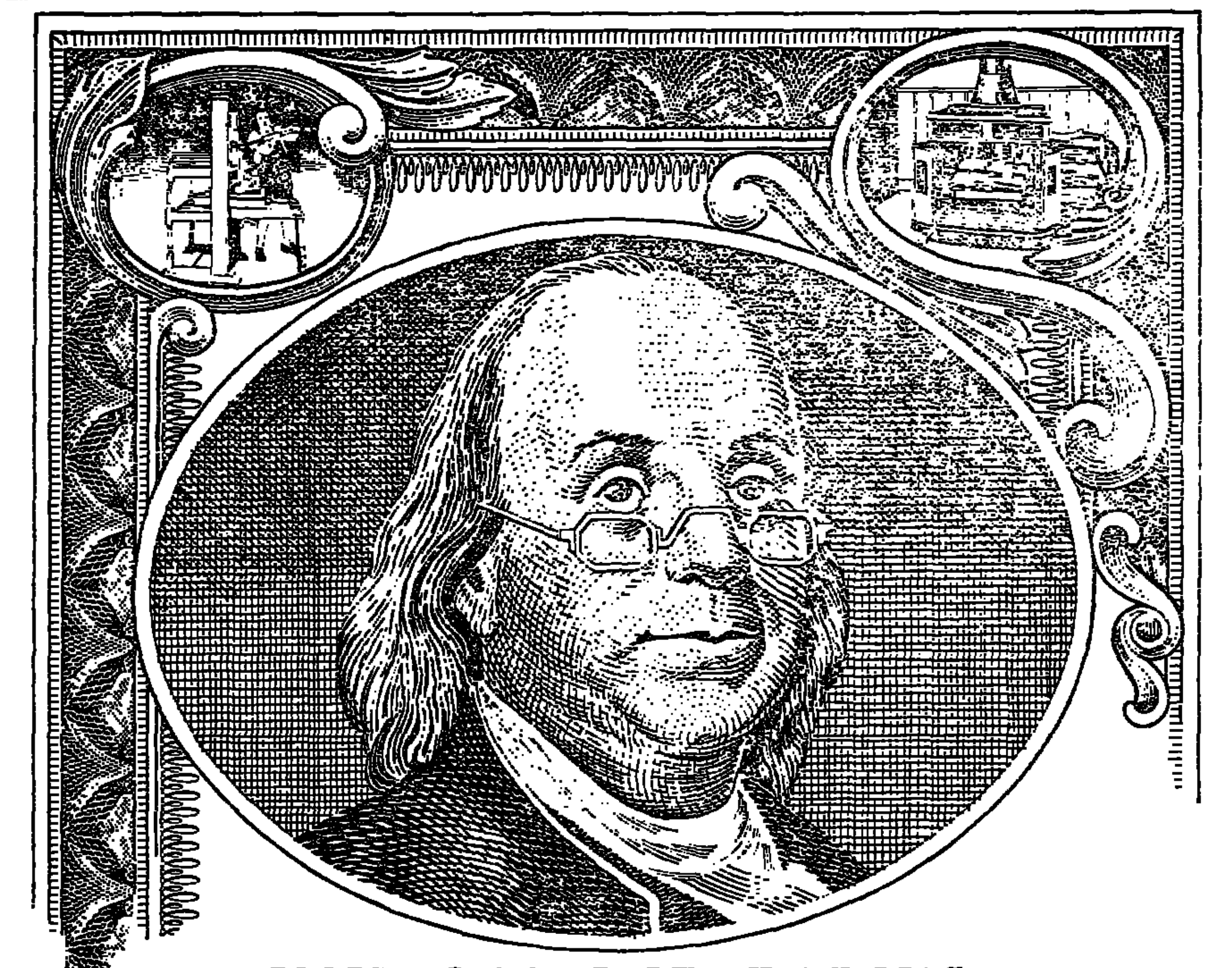
All these techniques are practised in London too, but in the U.S. markets they are far more important because the speculative element represents a much larger proportion of total turnover. In fact over a period prices move in the same direction as in London, but there tend to be more short-term fluctuations. U.S. traders believe that this is worthwhile if it means greater liquidity in the market, enabling the trade to hedge more effectively — a view that has gained much more support in Britain in recent years.

For the European trader, either business or private, it makes a good deal of sense to operate through brokers that have strong connections with the U.S. and know how the markets operate. These do not necessarily include only the multi-national U.S.-based commission houses but also many London companies which have established offices or trading links in the U.S. Most of these are in New York but in recent years several London companies have established links in Chicago.

But it is essential for the broker to be familiar with the ins and outs of the U.S. markets as well—if only so that he can insist on good "executions" of orders placed. The varying quality of "executions," especially for foreign clients, is a major source of complaint. Another hazard to bear in mind is that the unwary trader can get far more easily "locked in" on the U.S. markets because of the limits imposed on daily price movements.

Where there is a London equivalent market, it is possible to offset the U.S. position by an opposite transaction in London. But even this can present problems. If losses are being made in the U.S. the funds to top up margins have to be paid immediately to the clearing house, whereas in London (unlike in the U.S.) surplus margin profits are not paid out immediately—or in the case of metals not until the delivery date falls due. This difference can provoke a serious cash-flow problem.

Despite these problems, however, and the awkward time factor, the potential for trading on the U.S. futures market is very great and far wider ranging than in London. It follows that they are usually far more exciting too.



U.S. FUTURES MARKETS VI

As arch-exponents of the free market system, members of the futures industry keep a fairly critical eye on the Federal regulatory body, the Commodities Futures Trading Commission, and there is a long history of strained relations between the two sides. Articles on this page review the structure of the Commission and its work.

Essential but unloved

CFTC

NANCY DUNNE

AT A time when public participation in the futures market is reaching new heights, the Commodities Futures Trading Commission (CFTC), which supervises the industry, may be one of the most neglected commissions in Washington, D.C.

The CFTC is an independent agency with five commissioners appointed by the President and confirmed by the Senate. It oversees the trading on the 10 commodity exchanges and regulates the activities of the more than 3,000 members of the exchanges, the public brokerage houses, the commission-registered industry salesmen and the trading advisers or commodity pool operators.

Its proper functioning is vital to the growing futures industry where there are frequent opportunities for fraud and market manipulation, but the CFTC is an agency noticed mostly in times of tumbling markets or well-publicised commodity scandals. Although its charter calls for the appointment of five commissioners (two political and three others), the Commission has had only four members since 1978 because the Carter Administration just never got around to filling one of the Republican vacancies.

Transfers

Those commissioners who have been appointed since the CFTC's inception in 1975 have—with a few exceptions—come to the Commission with little or no background in commodities futures trading. Too many of its staff members are transfers from the Securities Exchange *Commission, which regulates* the securities industry, and initially they were as ignorant as most of their bosses about life "in the pits." Thus the industry, which some call "the last breath of capitalism" usually has had little good to say about its regulator.

Appointed by President Ford in 1975, William T. Bagley, the CFTC's first chairman, was a *California lawyer and State politician* with no understanding of the markets and reportedly no great desire to learn about them.

"Bill Bagley is an outrageous, delightful man," says one market consultant who watched the CFTC from its birth, "but he was a truly awful chairman."

Mr. Bagley finally resigned in 1978 when Congress redesigned the Commission so that its chairman now serves at the pleasure of the President (although he can still serve out his five-year term as a commissioner).

Stalled

Mr. Bagley was followed by Dr. Gary D. Seevers, an agriculture economics professor and former member of the President's Council of Economic Advisers, who served several months as acting chairman. Dr. Seevers was respected in the industry but not apparently at the White House which stalled his promised re-appointment until he left the Commission to work for Goldman Sachs.

The White House then came up with a chairman who became the focus of the industry's hostility from the date his appointment was announced. Dr. James M. Stone was a 31-year-old Massachusetts insurance commissioner who had *written his doctoral thesis on* the stock market. In it he extolled the virtues of electronic trading, anathema to the futures traders, whose high-pressured but beloved system is built on the open cry auction. Dr. Stone's undisguised distrust of all market participants won him, and the Commission, few friends.

The CFTC has been a frequent target of criticism in Congress, and at the height of the Hunt silver scandal suggestions were *made to dilute the Commission's* power by giving some of its responsibility for futures regulation to the Securities Exchange Commission or the Federal Reserve.

The notion of diluting the Commission's power has been floated among incoming Republican policymakers, according to Mr. John W. Claggert, president of the Futures Industry Association, but the idea does not find support in the industry. "What we want," says Mr. Claggert, "is a regulatory *agency familiar* with the industry and its problems. We are hoping the Reagan administration will move on appointments *right after the inauguration.*"

In an industry where everyone talks about the preference for as much self-regulation by the individual exchanges as is possible, a great deal of hostility is directed towards the CFTC staff. "There are 250 lawyers in there who need something to do. So they write rules," says Mr. Fred Uhlman of Drexel Burnham. "There should be a law against having too many lawyers.

"Not enough people around *here have had to* work for a profit," declares the Commission's lone Republican, Mr. Robert L. Martin, an experienced *commodities man* who served three terms as chairman of the Chicago Board of Trade and who is widely liked in the industry.

That bad feelings exist among some of the Commissioners is common knowledge, and this has been reflected in a number of two-all votes on issues needing clear-cut decisions. One of the most controversial issues on which the commissioners have yet to rule definitively is on regulation of foreign traders.

All the *commissioners* agree in principle that a ruling of some sort is necessary to ensure equal treatment between foreign traders and their American counterparts who must register with the Commission. This year the Commission ruled that foreign traders must appoint U.S. agents to file reports and information and receive communications. The commissioners have also agreed in principle on another rule requiring futures commission *merchants who have big* positions every day to disclose their foreign clients, if and when the CFTC calls on them to do so. Those who cannot or will not will have their accounts liquidated, but before they are liquidated, they should receive a speedy hearing, says Commissioner Mr. Martin. "We do need to know who is in the market," he asserts.

For all the criticism of the CFTC and resentment at its tortoise-like progress in approving new markets, the Commission has moved with speed and wisdom on occasions. Its two-day closure of the markets prevented certain panic after the announcement of President Carter's *partial* grain embargo against the Soviet Union. "The CFTC behaved very correctly," says Mr. Glyn Weir, associate administrator of Bunge Corporation.

Although the exchanges did most of the handling of the Hunt silver crisis by raising margins and setting position limits, the CFTC was in close touch as events unfolded. "The CFTC was doing the behind-the-scene string-pulling," says one insider.

The Commission, in its early days, was very preoccupied with the sale of London commodity options, which it ultimately *banned. Most of the* sales were "fly-by-night," says Commissioner Martin.

Strengthened

A court decision in 1979 significantly strengthened the CFTC. In March it had ordered the Chicago Board of Trade wheat market closed when it learned that a small number of speculators were artificially manipulating prices. A lower court granted an injunction to the Board of Trade, but the appeals court ruled that the Commission has the right to act in such markets.

The CFTC is one of the few agencies established with "Sunset" legislation, which means it must be assessed and renewed in 1982. In its past review Congress declined to transfer the Commission to the executive branch or to split off its jurisdiction among other Federal agencies.

The steady growth of the industry has increased the need for CFTC surveillance, but the new Administration and Senate will be populated by a large number of "*anti-regulators*" Whether they will apply their philosophy to the CFTC and oversee its destruction is not as yet clear. The Commission's continued existence might well depend on its continued neglect by policymakers.

PROFILE: JAMES STONE

Chairman with a sense of stern purpose

Dr. James M. Stone

JAMES STONE'S days as chairman of the U.S. Commodity Futures Trading Commission (CFTC) are numbered. The *post is a Presidential appointment* and Mr. Carter's defeat by Mr. Ronald Reagan means that Dr. Stone will have to step down. *For the moment he* intends to remain a commissioner — one of the five who run the CFTC — until his term of office ends in April, 1983; but there is a strong possibility that he will leave before then, even though he cannot be forced to resign since that appointment is for five years.

He has been a controversial chairman, *to say the least.* He has managed to become unpopular with commodity traders on both sides of the Atlantic since *taking office in the spring of* 1978.

The U.S. futures industry objected to Dr. Stone's avowed *intention of introducing* more and more rules to regulate the markets. He came with a reputation as a stern regulator from *Massachussetts,* where his record with the insurance industry was marked by controversy too. Although he claimed to have achieved much there, the insurance companies violently disagreed.

Opposite

Dr. Stone made it plain from the start that he was going to be the total opposite of his predecessor — the colourful extrovert Mr. Bill Bagley, who got *the CFTC off to a rather* shaky start from which many feel it has yet to recover.

Dr. Stone, a Harvard graduate, first of *all* insisted he was not prepared to be on first name terms with his staff or colleagues—he was to be addressed as Commissioner or Dr. Stone. He refused to fraternise with the industry—claim*ing it was bad policy to mix* with the people he was regulating. So his visits to the Exchanges and contacts with market people were sparse. *He made crystal clear that once* he had learnt what made the markets tick his main objective would be to make sure they *were regulated* properly, he had *no* interest in promoting the industry as such.

Nearly two years later these beliefs hold good but a lot of the confident assurance has gone. His reign of office included the great silver crisis, during which the CFTC came under considerable fire in Congress for not controlling the situation adequately. Dr. Stone apparently did not make a name for himself at the Congressional hearings.

Stories about his playing of Mozart records in his office during working hours and quarrelling constantly with his fellow-commissioners all undermined his image. He often found himself in a minority of one at meetings with the other commissioners and so was constantly thwarted in his objectives.

Dr. Stone clashed with European interests following his insistence that foreign traders operating on the U.S. markets had to report full details of their clients, including the original client, in all transactions. This is something required of U.S.-based companies, but as London commodity officials pointed out it runs completely counter to *the European tradition of a con*fidential relationship between broker and client.

Dr. Stone paid a special visit to London to discuss the subject. Surprisingly, in view of his reputation in the U.S., he *greatly impressed London* commodity officials and went back full of admiration for the London system of self-regulation.

But the admiration did not change his view of what was needed in America. He claimed *the UK system would* not work in the American markets, and also continued to insist on "foreign" trader reports.

The latest compromise put forward by the CFTC is that foreign companies would have to report details of their transactions only when demanded to do so in situations of crisis or when holding sizeable positions —under penalty of being banned from trading in U.S. markets, but it is far from certain whether this arrangement will be legally enforceable and in any event a new chairman of the CFTC may have different ideas.

Achievements

Dr. Stone claimed in a recent interview that *one of his major* achievements at the Commission had been his prime objective of making the staff there work more efficiently and effectively.

But this is at variance with reports circulating in Washington that staff morale at the CFTC is at an all-time low.

His biggest regret is that consumer *protection* is still far from adequate. It is still far too easy, in his view, for speculators to be treated as cannon fodder.

Again this is at variance with opinion in the industry, which claims that the markets are over-regulated and that business is already being driven to overseas markets, notably London.

Dr. Stone said that margins were still far too low, exposing the markets to the danger of a potential crash that could have tremendous ripple effects. Ideally he would like margin levels to be set by the CFTC, something the industry bitterly opposes. He believes that proper margin controls and position limits could have avoided the Hunt family *silver* fiasco, though he was full of praise for the way the Board of Trade in Chicago had acted—in sharp contrast, he claimed, to Comex in New York.

As the end of his reign of office draws nearer Dr. Stone is unrepentant about his actions and attitude; he is using the "lame duck" period to push through new regulatory measures. But asked if he could have achieved more by adopting a friendly, instead of aloof, attitude to the industry and exchange officials, Dr. Stone softened sufficiently to say perhaps he *might* have. That is not something he would have admitted two years ago.

John Edwards

John Moore explains the background to the fight over the sale and leaseback of D. H. Evans

Why Fraser sets no store by Lonrho

THE "BATTLE" in Harrods china and electrical departments at the opening of the January sale last Saturday was a sedate affair compared with the spirited fight in progress between Harrods' proprietor, House of Fraser, and Lonrho, the group's largest shareholder.

Since November House of Fraser shareholders have been deluged with a bewildering number of circulars and appeals over the telephone, at private meetings, and in Press advertisements to support arguments advanced by both groups.

It is the kind of fight which would normally suggest that a take-over battle is in progress. Yet the issue which is being discussed so aggressively in public is the obscure merits and demerits of a £29m sale and leaseback deal of House of Fraser's D. H. Evans Oxford Street store.

"My stepmother is a small shareholder in House of Fraser," observed one institutional shareholder in the Fraser group. "She doesn't understand any of the circulars and has thrown them into the waste-

"Fraser profits would double if be handed over to me"

paper basket." And even the large institutional shareholders have found the respective claims of both sides difficult to follow.

For this issue alone shareholders have been summoned to an extraordinary general meeting, convened at Lonrho's request, in the small Merchants House hall in Glasgow next Tuesday to vote on the deal.

Lonrho's objectives behind this campaign, and an earlier battle last June over a possible dividend increase and more board representation, are a matter of some conjecture. It may merely be a boardroom squabble forced into the open by Lonrho, or it could be that Lonrho is fighting for more influence in House of Fraser without actually making a bid. Or it could be a preliminary manoeuvre for a sale of Lonrho's 29.99 per cent stake in Fraser. Finally, Lonrho could be considering an outright bid.

The two men at the centre of this drama—Sir Hugh Fraser, (right), 44-year-old chairman of House of Fraser, and Mr. Tiny Rowland (left), chief executive of Lonrho and 20 years Sir Hugh's senior—are very different in character.

Sir Hugh Fraser, a diffident Scot, took over as chairman and managing director of the House of Fraser group in 1966. He succeeded his father, Lord Fraser of Allander, and had the unenviable task of following in the footsteps of someone who was regarded as the architect of the group's growth.

House of Fraser has within its empire 112 stores and its avowed policy is to run the best store in major UK shopping centres. Harrods of Knightsbridge is the jewel in the House of Fraser crown, contributing a major part to group profitability. Among the other famous stores which the Fraser group runs are Army and Navy and Chiesmans of Lewisham. In the financial year to January 26, 1980, it announced pre-tax profits of over £37m on a turnover of nearly £700m.

But the recession has not been good for department store groups and at the half-way stage in the current financial year pre-tax profits had slumped from £7.8m to £1m.

Lonrho is a major international conglomerate, carrying on a wide range of activities through over 760 subsidiaries and in more than 40 countries. In its last reported financial year for the period ending September 30, 1979, it declared pre-tax profits of £84m on turnover of £1.57bn.

The man who largely built up this empire is Mr. Rowland, a forceful entrepreneur, with a strong personality. Last year he claimed he would "double the House of Fraser profits in 2½ years and pay twice the dividend. All you've got to do," he told journalists, "is ask Hugh Fraser to hand over to me and put it to the test."

Sir Hugh used to regard Mr. Rowland very much as a father figure and still has considerable admiration for him, although he would prefer now to see the Lonrho camp off the board.

Their boardroom association began in 1977 when Lonrho became involved in Scottish and Universal Investments (SUITS), which was formed by Sir Hugh's father in 1948. It held a large block of House of Fraser shares and, among other activities, owned George Outram, publishers of the Glasgow Herald and Evening Times. Lonrho acquired a near 25 per cent stake in SUITS anrd Mr. Rowland became chairman. He later increased its holding to 29 per cent.

Also in 1977 Lonrho bought a near 20 per cent stake in House of Fraser from a U.S. stores group, Carter Hawley Hale. In 1979 Lonrho acquired the rest of SUITS, picking up SUITS' large holding in Fraser and taking its stake in that company to over 29 per cent.

Lonrho's involvement with House of Fraser originally formed part of its strategy of buying UK assets. In the second half of the 1970s it picked up an astonishing variety of motor distributors, steel manufacturers, textiles companies and much else. But this has left it with very high debts and its shares have performed disappointingly.

The purchase of House of Fraser would bring substantial assets into the Lonrho balance-sheet. But Lonrho has appeared to lack the resources to go ahead with a full bid which would cost something between £150m and £200m. Lonrho would find it hard to make an outright cash bid. Moreover, its shares are not always regarded favourably by institutional investors.

The view of House of Fraser is that Lonrho may therefore adopting an alternative guerrilla warfare strategy to weaken Fraser's share price and undermine the morale of the Fraser directors.

It is suggested that Lonrho hopes that in this way it will in due course get an opportunity to pounce which it would not otherwise have had.

Mr. Rowland became non-executive deputy chairman of House of Fraser and with Lonrho's chairman, Lord Duncan-Sandys, took seats on the House of Fraser board. They are usually represented at meetings by alternate directors.

Mr. Rowland and Sir Hugh took to meeting regularly at the Dorchester to discuss various mutual business matters.

It was at one of these regular meetings between the two men that the issue of the dividend increase, fought out last summer, first arose. Mr. Rowland hit out at alleged "broken promises" by Sir Hugh about what final dividend should be proposed and alleged undertakings given about additional Lonrho directors on the Fraser board.

Who said what to whom is still a subject of heated debate. Lonrho put the issues at a meeting of shareholders and was soundly trounced, after a fierce proxy battle.

But Lonrho had given the Fraser board the fright of its life. Fearing an eventual bid it took steps to beef up its board. In came Professor Roland Smith, a Manchester University marketing professor with numerous business interests. He is working on a part-time basis at a salary of £50,000 a year. Mr. Ernest Sharp, a former joint managing director of Grand Metropolitan, joined the board as a non-executive director on a one day a week understanding.

An executive committee was formed on which Lonrho was not represented and Mr. Rowland lost the deputy chairmanship of the board. An asset revaluation is underway.

The committee was set up to speed the decision-making and planning processes at Fraser. At main board level relationships have become intolerable for the Fraser camp. "We have rows about everything," said Mr. Sharp this week. If somebody said today is Tuesday, we would have a vote about it. I have voted more times in House of Fraser than in three or four other companies in the past 20 years."

Lonrho complains that at board level as soon as an issue of controversy comes up, Professor Smith, a quiet-spoken Mancunian, leans across and says: "Pull up the stumps, Hugh."

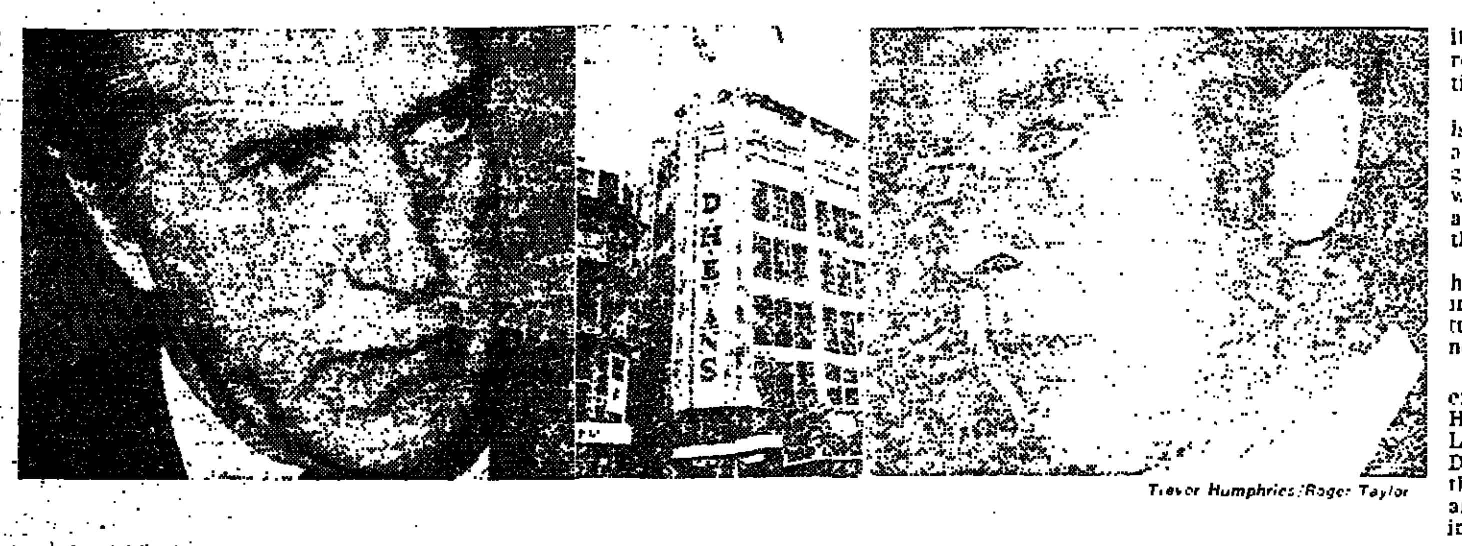
Mr. Rowland says that he regarded Lonrho's role to be "constructively disruptive," and to cause the Fraser Board seriously to study the way it

"If somebody said it was Tuesday, we would vote about it"

runs its business. As a major shareholder it intends to worry the Fraser Board over issues which it thinks are not in the best interests of all shareholders.

Institutional shareholders, to a large extent, are getting restive that so much management time is spent on fighting proxy battles with Lonrho. One view is that Lonrho should either bid or sell its stake.

Whatever happens on Tuesday, the vote on Lonrho's moves to block the £29m D. H. Evans deal will not be an end to the matter.



Trevor Humphries/Roger Taylor

WHAT THE ARGUMENTS HAVE BEEN ABOUT

HOUSE OF FRASER is selling the freehold property occupied by D. H. Evans at 308-318 Oxford Street to Legal and General for £29m. The store will be leased back from Legal and General by Fraser for 125 years at an annual rent of £1.9m, subject to rent reviews every five years.

Lonrho has argued that the D. H. Evans store represents an investment in property terms of almost irreplaceable quality in the finest part of Oxford Street. It questions whether D. H. Evans, which is only marginally profitable, will have a viable future if it has to pay a rent of £1.9m, with increasing rent reviews.

Fraser argues that Lonrho is attempting to frustrate a transaction which is in Fraser's long-term interests. "The pattern of House of Fraser trading must be designed to achieve the most profitable exploitation and development of all available assets."

The cash raised from the deal will enable Fraser to complete its substantial investment in computerised equipment, and to bring forward its property development plans for new stores.

Lonrho first clashed openly with House of Fraser when it sought to increase Fraser's final dividend by 50 per cent to 6p net per share. It also tried to replace four Fraser directors on the board with four of its own nominees. But nearly 400 shareholders rejected the Lonrho moves at a 50-minute annual general meeting.

Letters to the Editor

Unexpected engineering

From Mr. P. Ward

Sir,—During the first couple of weeks of 1981, Sir Keith Joseph provided some useful guidelines for defining the legitimate concern of Government in technology and innovation (January 6, 8 and 12). Pure and applied research have for example been examined, with fairly predictable results.

Sir Keith would, I am sure, agreed that a critical advantage of a free society lies in the widespread distribution of initiatives; such that anyone with a good idea may have a go. We do not depend entirely on the ponderous mechanisms whereby the state selects deserving technologies for protective or stimulative intervention.

Such dependence would deprive us of unexpected engineering, the products of creative technology which cannot, by their nature, fall within the provisions of public concensus or the existing technical establishment, subdivided as it is, progressively, by classifications inevitably relating to the past. But it is these developments, crossing boundaries o ras yet unclassified, which often form the nuclei of future industries.

The popular preoccupation with microelectronics and biotechnology, important though they are, may lead us to overlook potential opportunities elsewhere. There may be something different from either, wasting its sweetness on the desert air. And in another churchyard, with another handful of dust, some mute Barnes Wallis may be laid to rest.

Christopher Lorenz, your Management Editor, has on a number of occasions drawn attention to the stifling effect on innovation of our traditional financial institutions. In this context, I would not be at all surprised if Sir Keith is currently considering proposals to resolve the paradox: how can he intervene so as to minimise the need for intervention?

E. Peter Ward.
Trio, Carlton Road,
South Godstone, Surrey

Reserves of energy

From Mr. D. Ion

Sir,—Dr. Tan (January 13) is correct in assuming that of the 45bn tonnes which the National Coal Board calls "national coal reserves" it only classifies 6bn tonnes as "operating reserves." Most reserve controversies are problems of semantics.

In the oil industry, proved reserves are the amount of oil or gas which "geological and engineering information indicate, beyond reasonable doubt, to be recoverable from known deposits under existing economic and operational conditions." Such proved reserves are the working stocks of the oil industry, exactly comparable to the 6bn tonnes of NCB "operating reserves." Hence the 1.2bn tonnes of oil estimated by the Department of Energy to be the proved reserves in the UK sector of the North Sea are comparable to the 6bn tonnes coal equivalent=4bn tonnes oil equivalent.

The reserves production ratio can be a most misleading yardstick, when translated as "years of life," but dangerously misleading when applied to any other than proved reserves. On comparable data, the UK has coal for 50 years (6bn tonnes ce at 120 Mta), and oil for 12 years (1.2bn tonnes oe at 100 Mta). In energy equivalence the UK has less than four times the proved reserves / operating reserves of coal than oil.

This comparison should shatter any complacency which talk that we have coal for 300 years may have engendered and should, therefore, make more obvious the great need for the NCB to increase its operating reserves and productive capacity if it is to take up its true share of the country's energy needs when its oil reserves start to decline.

Dan Ion.
The Boot Cottage,
Brook End,
Chadlington,
Oxfordshire.

Promoting food products

From the Director-General,
Food Manufacturers' Federation

Sir,—I was interested in the comments made at the Oxford farming conference by Miss Detta O'Cathain (January 7), regarding a new trade body to help promote British food products.

This federation has for some time been aware of the need to increase still further exports of manufactured foods: we announced our export initiative on November 27.

As a first step, the FMF has appointed a firm of consultants to identify opportunities for food products within a specific country—probably within the EEC. The next stage will seek to concentrate the resources of manufacturers and government to exploit the opportunities available.

In the past, the approach to food exports has been too fragmented. The federation hopes that, by demonstrating the benefits of working together to attack one market, food manufacturers will be encouraged to export with renewed vigour and determination. Only thus can an industry becalmed in static consumption and low profitability make headway again, and find some hope of better things to come.

Cyril Coffin.
Food Manufacturers' Federation Inc.,
6, Catherine Street, WC2.

Complaints and the police

From the President,
Confederation of Indian Organisations (UK)

Sir,—This confederation gives its unqualified support to the recommendations by the Royal Commission on Criminal Procedures that various powers should be rationalised and put into statutory form and a single code on criminal investigation to be understood by everybody.

But to leave checks on police abuse in the hands of the police whilst recommending greater police powers will further widen the credibility gap between the police and ethnic minorities. At present the police investigations report is not shown to the complainant before it is sent off to the Director of Public Prosecutions. Under English law, the DPP and his staff are prevented from interviewing directly the complainant, the policeman concerned and any relevant eye witness. Surely it is indefensible to have to rely on written evidence alone supplied by the police.

An independent complaints procedure is imperative as greater public trust in the police is vital for social peace in a multi-racial society.

Tara Mukherjee.
Confederation of Indian Organisations (UK).
11, North Avenue,
Harrow, Middlesex.

The Guyana sugar industry

From the Chairman,
Guyana Sugar Corporation.

Sir,—I have just seen in your issue of December 24 a report on the sugar industry in Caricom countries headlined "Hard times in the Caribbean."

Your correspondent, David Renwick, in the opening paragraphs of this report lumps all the Caricom sugar industries together in an assessment which is one of unrelieved gloom.

This had led him into extremely serious error in the case of Guyana which is potentially very damaging to the Guyana sugar industry.

The article says that none of the five sugar-exporting Caricom territories, with the sole exception of Barbados, has a sugar industry which is viable from a banker's point of view. The Guyana sugar industry is perfectly viable. In 1978, there was a surplus after tax of G$3.5m. In 1979, there was a surplus after tax of G$1m and in 1980 we estimate a surplus after tax of at least G$5m. In 1981, with a much better and improved prices in prospect, the industry's results are expected to improve considerably. We are in good heart financially and it will interest your correspondent to know that the Guyana sugar industry has always been able to secure loans from international banks in both the UK and the U.S. on a wholly commercial basis.

The report says that all the Caricom sugar industries depend heavily upon annual subsidies from their governments. In the case of Guyana this is plain nonsense. The Guyana sugar industry receives no subsidies whatever from Government. We pay our full share of central Government taxes, local government rates, electricity and other charges and duties on all imported goods. We receive no fuel, or any other subsidies.

The report says that were it not for Government ownership in such places as Trinidad, Guyana and Jamaica the sugar industry would probably have closed down years ago. Again this is complete nonsense; in 1975-76, the Guyana Government acquired the sugar industry. Since that time the industry has received no subsidies from central Government, it has been able to plough back money in maintaining and rehabilitating its assets, it has fully maintained the acreage under cane cultivation while at the same time beginning to diversify into other crops, and in the last three years it has generated surpluses.

Undoubtedly, we have faced "hard times' but we have come through these hard times with our assets in good shape and our financial position secure. This particular sugar industry in Caricom is a vigorous one and, in 1981, with prospects of a good crop and better prices, we intend to make further progress in strengthening the industry and achieving healthy surpluses.

H. B. Davis.
Guyana Sugar Corporation,
22 Church Street,
Georgetown, Guyana.

A question of health

From the Chairman,
National Health Service
Consultants' Association

Sir,—On January 7, you carried a supplement on private medicine. A discerning reader would have to conclude that private medicine, as portrayed, will not do anything to solve the problems of the National Health Service. As your reporters assert the private sector is based on "freedom of choice for those able to afford to choose." And the choices are all concerned with curative interventions such as hernia repair, prostatectomy, etc., or "luxuries" such as cosmetic surgery and excludes areas where care is more important than cure such as geriatrics, psycho-geriatrics and chronic disablement. Moreover, general practice, which accounts for the vast majority of medical care in this country, is largely excluded from the private sector, as are preventive medicine and health education.

The Black Report, so recently dismissed by Mr. Jenkin, showed quite clearly that the major health problem facing this country now is how to improve the general state of health of unskilled and semi-skilled workers and their families relative to the rest of the population. As the Black Report states "The extent of the problem may be illustrated by the fact that if the mortality rate of class I had applied to classes IV and V during 1970-1972 (the dates of the latest review of mortality experience) 74,000 lives of people aged under 75 would not have been lost. This estimate includes nearly 10,000 children and 32,000 men of working age." Mortality figures demonstrate that there was not only a lack of improvement of the health experience of classes IV and V throughout the 1960s and early 1970s but in some respects a deterioration.

The reasons are complex but demand urgent action by any Government to: (a) improve the state of nutrition of people in these classes, especially children, (b) to improve antenatal care for mothers in these groups, (c) to improve primary care service in the inner cities, (d) to ensure adequate day care for children under 5 years who have working mothers, (e) to investigate causes and so help prevent accidents to children in the home and elsewhere, and (f) to improve radically the care of elderly and disabled people in their own homes as well as institutions.

It comes as no surprise that a Government which wishes to see a rapid increase in private health insurance schemes should reject a report reaching conclusions like these, even though it emanates from respected and authorative medical and caring professionals.

(Dr.) Paul Noone.
51, Gerard Road, SW1.

Today's Events

GENERAL

UK: Mrs. Margaret Thatcher presents Fit for Work award for employing disabled to Vacuum Interrupters, East Road, N2.

Steel industry workers' ballots close on British Steel survival plan.

National and Local Government Officers Association representatives of the National Health Service computer staff discuss pay dispute stoppages.

Mr. Chris Bonnington speaks at launch of Lakes Community Outdoor Project, Windermere.

Sir Francis Chantrey (1781-1841) exhibition of sculpture opens, National Portrait Gallery, WC2 (until March 22).

National Video Tapes Awards festival, sponsored by Sony, Savoy Hotel, London.

Overseas: Mr. Lech Walesa, leader of Polish union Solidarity, and delegation, concludes talks with Italian trade unions, Rome.

European Parliament session ends, Strasbourg.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' motions.

OFFICIAL STATISTICS

Department of Employment publishes retail prices index for December. Central Statistical Office issues tax and price index for December; and November provisional index of industrial production. Balance of payments current account and overseas trade figures for December.

COMPANY MEETINGS

Bellway, Royal Station Hotel, Neville Street, Newcastle-upon-Tyne, 11.30. Tricoville, Winchester House, 100 Old Broad Street, EC, 12.

COMPANY RESULTS

Final dividends: Grange Trust, Raeburn Investment Trust, United Guarantee (Holdings). Interim dividends: British Benzol Carbonising, Caledonian Associated Cinemas, Cantors, Letraset, Western Board Mills.

LUNCHTIME MUSIC, London

Organ recital by Mark Dancer, St. Paul's Cathedral, 12.30 pm.

Recital by the singers' Ensemble Class directed by Margaret Lensky, Guildhall School of Music and Drama, Barbican EC2, 1.10 pm.

Grand Met up £16m after second-half slowdown

BOOSTED by the inclusion of four months' results of the U.S. Liggett Group, acquired on May 29, pre-tax profits of Grand Metropolitan rose from £136m to £152.1m in the year ended September 30, 1980.

The net dividend is being stepped up from 5.75p to 6.625p as forecast with a final of 3.75p.

At mid year, the pre-tax surplus was ahead from £50.7m to £61.2m, but second-half growth was slowed by the strength of sterling, a poor summer and the UK and world recession, profits rising by £5.5m to £90.9m.

Full-year trading profits increased from £179.2m to £212.9m, including £22.4m from Liggett, but interest charges rose to £63.5m (£43.2m), reflecting the acquisition of the U.S. group, other investments and the effect of high interest rates in both sterling and U.S. dollars.

The directors say the wines and spirits side had a successful trading year, but as 80 per cent of its profits are now earned overseas, it was particularly badly hit by the effect of U.S. dollar weakness on profits from the export of whisky, and by the impact of a strong pound on the translation of overseas profits.

They add that most of the rest of the group, and in particular milk and foods, stood up well to the effects of the recession.

HIGHLIGHTS

Lex looks at Lloyds and Scottish's £106m bid for UDT which was revealed yesterday afternoon in a surprise attempt to block the proposed deal between UDT and the Trustee Savings Bank. On the company front Lex looks at the figures from Grand Metropolitan which reveal a second-half slowdown though profits for the full year are ahead at £152m. Lex also considers the good figures from S. & W. Berisford which is now preparing to relaunch its bid for British Sugar should the Monoplies Commission give the go ahead. Finally Lex examines the reactions in the gilt-edged market to Nigel Lawson's statements in the light of the full money supply figures for December.

A breakdown of external sales and trading profits of the group's major operating divisions shows: hotels and catering £360.1m (£308.3m) and £27.3m (£27.8m); milk and foods £539.7m (£471.8m) and £32.6m (£27.2m); brewing and retailing £671.4m (£615.1m) and £65.7m (£54.3m); wines and spirits £474.6m (£447.6m) and £36.2m (£36.1m); leisure £381.9m (£328m) and £28.7m (£23.8m). Liggett's trading profit of £22.4m was earned from four months' sales of £154.9m.

Total external sales went ahead from £2.17bn to £2.58bn.

After tax of £29.7m (£30.4m), minorities of £2.4m (£3m) and parent company preference dividends of £0.5m (same), the attributable profit was up at £119.5m (£102.1m), giving earnings per 50p share of 23.3p against 21.8p.

Dividends absorb £34m (£29.4m).

The directors say it is estimated the net effect of extraordinary items will be a surplus of around £2.5m, including profits on sales of properties and investments of some £10.8m and losses on exchange of £6.9m.

A revaluation of the group's land and buildings at the year end has produced a surplus of some £550m. Following this valuation, and including the full effect of the acquisition of Liggett, net borrowings at the year end were equivalent to about 46 per cent of shareholders' funds, say the directors.

Lex, Back Page

Berisford advances to £36m

A SECOND-HALF lift from £16.13m to £19.35m has pushed taxable profits of S. & W. Berisford from £32.23m to £36.12m for the year ended September 30, 1980. Turnover of this commodity trading, secondary metals, finance and insurance concern, improved by over £282m to £2.45bn.

From earnings per 25p share just ahead at 28p (27.66p) the dividend is boosted from 7.5p to 9.75p net with a final payment, as forecast, of 6.5p. Also proposed is a one-for-two scrip

Pre-tax figure was struck after interest up from £10.43m to £11.78m, and was subject to a much higher tax charge of £9.12m compared with £4.99m, leaving a net surplus of £27m against £27.23m.

The available balance emerged at £26.33m (£25.33m)—of which dividends will absorb £10.15m (£6.69m)—after an extraordinary debit of £711,000 (nil), minority credits £49,000 (£1.9m debits) and preference payments of £7,000 (same).

Lex, Back Page

British Sugar opposition still strong

Sir Gerald Thorley, chairman of the British Sugar Corporation, yesterday repeated his group's opposition to the bid launched by Berisford last May. The offer is presently being studied by the Monopolies Commission which has been granted an extension until March 3 to report its findings to the Department of Trade.

At the annual meeting yesterday Sir Gerald said: "Clearly it would be wrong for me to make any comment on the likely outcome at this stage." He told shareholders that, "the Berisford bid makes no sense for you as shareholders, our employees, our beet farmers, or our customers. We shall vigorously repel any further moves which are against the interests of the company," he declared.

Sir Gerald dismissed the complaint against the company by four British sugar merchants which accuses the company of abusing its dominant position in the UK sugar merchant. The chairman said that the company "wholly rejects these charges." It will seek to satisfy the European Commission that there is "no substance to the merchants' complaints."

On the group's sugar campaign which is just ending, the chairman said that it had so far been "the most efficient we have ever had." Because of the £150m investment programme "each day we are processing more beet more quickly and producing more sugar more efficiently."

Muirhead £2.25m in the red

FOLLOWING A drop from £231,000 to a near break-even £19,000 at halfway, Muirhead, the electro-mechanical devices and communications equipment maker, has suffered taxable losses of £2.25m for the year ended September 30, 1980, and with the omission of a final there is no dividend payment for the period.

Last time the distribution was 4p net per 25p share paid from pre-tax profits of £911,000.

Sales for 1979-80 improved from £22.52m to £25.15m but there was a trading loss of £1.18m compared with a £1.55m profit, split as to UK £625,000 (£1.05m profit) and overseas £501,000 (£82,000 profit).

Interest received was £1,000 (£3,000) but the amount charged nearly doubled to £1.12m (£587,000), most of which—£1.05m (£575,000)—was interest on bank borrowings.

The directors explain that in some companies, particularly in the data communications and process control fields, order intake did not reach expected levels, principally because of the effects of the recession and the high interest rates.

Results of the overseas subsidiaries were affected by the strength of sterling, impacting competitiveness and exchange losses.

There was a tax credit of £119,000 (£616,000), minorities £1,000 (£27,000), and an extraordinary debit of £651,000 against a £156,000 credit.

Loss per share is given as 25.0p compared with 17.9p earnings.

A very critical review of the valuation of stocks and work in progress has taken place, the directors state, in the light of technical advances and the current difficult business environment.

This has resulted in a £977,000 provision being made, included in the figures, as well as an additional inventory provision of £1.19m, which has been treated as prior year's adjustments.

Activities of the Morden factory, now closed, have been transferred to Beckenham, and including other redundancies, nearly 25 per cent of the workforce have lost their jobs.

The directors say the cost of these actions was very large, and before and during the closure, production of rotary and other components was disrupted.

● **comment**

Down 4p to 62p—the low point for 1980-81 — Muirhead is capitalised at £5.3m. Its attributable loss last year amounted to almost £4m against net worth in the September 1979 balance sheet of £14.7m. Short-term debt is now almost £7m. The component order book, fortunately, is very strong and the outlook for data communications is said to be picking up. Process control equipment is still very flat but this is a relatively small part of the business and, on the face of it, overall profits may be set to start moving forward again. But the market is, perhaps not unnaturally, still nervous and the share price is unlikely to recover very much ground until solid evidence can be produced that a return to dividend payments is on the way. The larger question as to whether Muirhead belongs in a larger electronics group is no nearer a solution but is no less pertinent for all that.

BET slips by £2.44m and warns on second half

BECAUSE OF sharply higher interest costs half-time taxable profit at British Electronic Traction Company eased £2.44m to £27.97m. The company also warns that, owing to the deepening general trade recession, the 1980-81 second half result is not expected to be appreciably different from that now reported.

In the past, the second half figure has normally been greater than the mid-way total—as seen in 1979-80 when £40.67m of the £71.08m shown at full-time came in the second six months.

The net interim dividend is, however, being maintained at 1.863p—a total of 7.572p was paid last time—and absorbs £2.75m (£2.76m).

Turnover by the industrial holding company was ahead to £443.5m (£384.3m) for the six months to September 30, 1980, with the share of associates up from £43.8m to £61.2m.

Profit before interest reached £40.69m (£38.31m) with higher associate share and investment income more than offsetting a slip from £32.32m to £31.67m in the trading result.

But interest payable climbed from £7.9m to £12.72m including £523,000 (£20,000) related to North Sea oil development.

Earnings for the half-year are stated 3.1p lower at 7.4p after tax charge of £13.69m (£12.14m) which is higher than normal mainly because of certain overseas losses which cannot be offset.

The net balance emerged down from £18.27m to £14.28m and the attributable surplus from £15.19m to £10.92m after minorities of £3.11m (£2.74m) and extraordinary debits of £243,000 (£342,000).

Pre-tax profits of Boulton and Paul, structural engineering and woodwork subsidiary of BET slumped from £3.7m to £1.25m for the six months on turnover behind at £39.83m against £40.74m.

Here the directors say that due to the continuing low level of economic activity, both in the UK and overseas during the second half of the year, the expected results for that period will be worse than those of the first six months.

Profits for the whole of 1979-80 were £5.91m.

After first-half tax, of £648,000 compared with £1.92m, minority interests amounting to £15,000 against £88,000, the attributable balance emerged down from £1.69m to £583,000.

● **comment**

British Electric Traction has an exceptionally wide spread of activities—stretching from constructional steelwork via television stations to waste disposal. So it might be expected to resist the worst of the depression, particularly since nearly 30 per cent of its 1980 profits were earned overseas. The resistance has weakened in the last six months, as interim pre-tax profits have slipped by about 8 per cent, and the directors warn that worse is to be expected in the second half. Some parts of BET have improved their performance, notably the TV companies; Thames has come back into the black, helping Rediffusion raise its pre-tax profits by nearly 7 per cent. But Bolton and Paul has suffered from the lower level of building, as have two of the three plant-hire companies. The probability is that United Transport, which was BET's biggest earner last year and has managed slightly higher profits so far, will begin to feel the pinch—at least in the UK—as the year wears on. The shares fell 5p to 119p where the historic yield is a touch over 9 per cent. But if BET is only going to make about £56m, the shares are not especially cheap on a fully-taxed multiple of 6.5.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Assoc. Paper		0.79	March 2	2.44	2	3.65
S. & W. Berisford		6.5†	April 7	5	9.75	7.5
B.E.T.	int.	1.86	April 9	1.86	—	7.57
Country & New Town Props.	int.	0.25	April 15	0.2	—	0.75
Dixons Photographic	int.	1.31	March 2	1.25	—	3.33
Grand Metropolitan		3.75	April 13	3.25	6.63	5.75
Greenfriar		2	—	2	2	2
Hales Properties	int.	1	March 5	1	—	3.5
London & Montrose Inv.	int.	1.2	April 3	1	—	3.76*
Muirhead		Nil	—	1.8	Nil	4
Henry Wigfall	int.	Nil	—	3	—	13.5
Woodrow Wyatt	int.	0.5	—	1	—	2.5

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Crest Intnl. Securities to raise £1.3m

Crest International Securities, ...Crest International Securities, which had its full quote suspended in 1974 at around 4p, yesterday announced that it was raising £1.3m by way of a share placing and subscription and was also acquiring two property companies for a total consideration of £1.22m, to be met by share issues.

The company said that following these moves it will be the holding company of a property investment group with net assets of £2.8m.

The funds which will be available to Crest will provide working capital with which to repay certain borrowings, take advantage of investment opportunities and to complete developments in hand, the company said.

The company plans to apply for permission for the capital to be traded in the Unlisted Securities Market.

In its first acquisition, Crest is buying Tom Farmer, a property investment company owned by Mr. Tom Farmer, a director of Crest, and his wife, for £993,000. This will be satisfied by the issue of 9.93m shares, 1.41m of which are being placed. The balance will be retained by Mr. and Mrs. Farmer.

Crest is also acquiring Parben, a private property investment and development company for £225,000. This is to be satisfied by the issue of 2.25m shares.

The £1.3m is being raised by way of a placing of 14m shares of 10p at par and a subscription of a further 1m shares for cash at par by Mr. Alec Stenson, the Crest chairman. The share placings are being handled by Henry Cooke Lumsden, the company's brokers.

Wigfall profit slumps to £63,000 midway

THE HIGH cost of borrowing has cut sharply into the pre-tax profits of Henry Wigfall and Son, reducing them from £269,000 to £63,000 for the 28 weeks to October 11, 1980.

Turnover of the Sheffield-based retail and rental television group showed little change at £22.3m (£22.22m). The directors say that margins were maintained and further cost reductions made, which resulted in an increase in trading profits from £4.33m to £4.62m.

However, interest charges rose from £1.25m to £1.49m, and depreciation costs were up from £2.98m to £3.07m. As a consequence, no interim dividend will be paid. The last interim was 3p net, while the total for 1979-80 was 13.5p, paid from pre-tax profits of £1.08m (£1.85m).

Mr. R. W. Morrell, managing director, says determined efforts were made in the first half to reduce borrowings. Together with the recent small drop in interest rates, the impact of the cost of borrowing should be reduced

He adds that Christmas trading was satisfactory. Provided that turnover, margins and other costs are maintained at present levels, the board intends to propose a dividend for the full year.

In the 28 weeks there was no exceptional profit on the sale of property, against £167,000 in the previous interim period.

There was no tax charge, compared with £67,000 last time, leaving retained profits of £63,000 (£46,000).

● **comment**

Mammoth interest payments continue to be the bane of Henry Wigfall's existence. The half-year charge of £1.5m means that 96 per cent of the profits (after depreciation) were wiped out by borrowing costs. The trading level was much better and profits actually managed to rise slightly as a result of stringent cost-cutting on staff and overheads. But retail volume is down between 5 and 10 per cent and the rentals business, about 40 per cent of group turnover seems to be coming up against a tendency on the part of customers to purchase rather than rent. By the end of this year group borrowings may be down to around £11m, suggesting a capital gearing level of 75 per cent. Pre-tax profits for the year are likely to fall way below the lowest level of the past decade; the company may reach £500,000 or £600,000 for this year. Yesterday's share price was 130p, down 5p, not only a depressed level but less than half of Wigfall's net asset value per share.

Sharp rise by Systime

Turnover of Systime, the unquoted Leeds-based computer systems maker, jumped by 54 per cent to £24.06m for 1980, while retained profits increased by 33 per cent to £1.55m. Overseas trade leapt by 110 per cent to account for almost 20 per cent of group turnover.

Mr. John Parkinson, the chairman, says that although the UK market will be tough, another considerable increase in turnover and profits is being planned.

SPAIN

January 15	Price %	+ or −
Banco Bilbao	257	
Banco Central	296	
Banco Exterior	240	
Banco Hispano	247	
Banco Ind. Cat.	121	
Banco Madrid	141	
Banco Santander	301	
Banco Urquijo	150	−2
Banco Vizcaya	273	
Banco Zaragoza	212	
Dragados	91	
Espanola Zinc	46	
Fecsa	57	+0.3
Gal. Preciados	26	
Hidrola	65.5	+0.8
Iberduero	58.2	−0.3
Petroleos	86.7	−0.8
Petroliber	75	
Sogefisa	102	
Telefonica	63.5	+0.8
Union Elect.	60.7	+0.7

NSS plans to expand further

A SATISFACTORY result for the current year at NSS Newsagents is anticipated by Mr. P. H. Byam-Cook, the chairman, in his annual review. Expansion plans, including the development of a new head office, indicate the Board's confidence in the continued growth and prosperity of the company, he states.

For the year ended September 28, 1980, including seven months results of Ian Yates, turnover expanded from £72.77m to £97.48m and taxable profits rose to £4.59m (£4.05m). The dividend is being raised from 2.85p to 3.4p net.

Although mindful of current difficulties, the Board intends to push ahead with further expansion in 1980-81, concentrating mostly on retail, for which capital expenditure in the current year is budgeted at £2.5m.

A capital budget of £300,000 allocated to wholesale, will be used for an extension to the Ian Yates warehouse in Glasgow and the development of a record cash and carry business adjacent to Wynd Up Records' existing premises in Prestwick.

The main effort in wholesaling will be directed towards the build up of sales within the group, the extension of accessory sales by Wynd Up and an increase in credit sales of Ian Yates, which hitherto has been mainly a cash and carry business.

Plans to open a new warehouse in the South East large enough to accommodate wholesale records and confectionery are being actively considered.

A share option scheme and a share incentive scheme are proposed for the group's employees.

At the year-end, shareholders' funds were up from £12.75m to £14.99m.

Meeting, Woking, February 10, at 2.30 pm.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—British Benzol Carbonising, Caledonian Associated Cinemas, Cantors, Centreway Trust, Letraset International, Raeburn Investment Trust, Western Board Mills.

Finals—Grange Trust, United Guarantee.

FUTURE DATES

Interims—

Property Security Invest. Trust †Jan. 20

Stirling Knitting ... Jan. 21

Wellman Engineering ... Jan. 20

Finals—

Evode Holdings ... Jan. 29

Hill and Smith ... Jan. 29

Lookers ... Jan. 21

Smallshaw (R.) (Knitwear) ... Jan. 22

† Amended.

Accountants prepare for stock relief law

GUIDANCE ON how the Government's new stock relief proposals should be reflected in accounts pending enactment of the legislation has been published by the technical and research committee of the Institute of Chartered Accountants in England and Wales.

The committee recommends that the substance of the proposals should be taken into account immediately:

- in determining tax liabilities of businesses for accounting periods ending on or after November 14 1980, and
- in establishing whether a deferred tax provisions continues to be necessary for possible clawback of stock relief obtained in previous years.

The statement also recommends that:

- provision for deferred tax relating to stock relief should not be made except in those rare circumstances where a "clawback" could arise, namely, where a business is likely to cease or where stocks are likely to be permanently reduced to an abnormally low level; or where clawback was deferred under Schedule 7 of the Finance Act 1980.
- any amount released from the provision by implementation of the new proposals should not be treated as an extraordinary item but as a component of the tax charge (credit) for the year.
- the charge for current and deferred tax which would have appeared if existing law had been used should be disclosed.
- if the release of a deferred tax provision has a material impact on earnings per share, the effect should be disclosed.

Country & New Town approaches £1m mark

An increase in profit is revealed by Country and New Town Properties for the six months ended July 31, 1980, the pre-tax figure rising from £551,000 to £964,000. Tax took £434,000 against £268,000.

The net interim dividend per 10p share is raised from 0.2p to 0.25p—last year a total of 0.75p was paid from taxable profits of £467,000, which included the benefit arising from the sale of a Canadian property.

During the six months, there were extraordinary credits of £23,000 (nil). Minorities took £153,000 (£135,000).

Mr. Gerald Newton, chairman, hopes to be able to report satisfactory results from the full year.

Commenting on the halfway results he says the Miami apartments made a notable contribution. Of the 160 flats originally available for sale, only 10 now remain.

The group now controls 60 per cent of Commonwealth Realty Trust based in Philadelphia and having a portfolio of commercial properties with a book value of approximately £15m.

At home, a further 20,000 sq ft of space at the Civil Service Store is under conversion for office use with completion due at the end of the year which will complete the refurbishment programme.

£97,000 net for Independent Investment Tst.

Gross income of the Independent Investment Trust, a subsidiary of Atlantic Assets Trust, totalled £330,000 in the six months to end-December, 1980. Interest and expenses were £176,000 and tax took £57,000 leaving a net figure of £97,000.

The directors say the corresponding results for 1979 are not comparable.

On November 21, 1980, 11.1m new ordinary shares in the company were offered by way of a rights to ordinary shareholders of the parent company at a net asset value of 107p per share.

Stated earnings for 25p shares for the six months were 0.28p, although the directors state that this figure should not be taken as an indication for the full year.

BIDS AND DEALS

Suter calls a halt to dealings

SUTER ELECTRICAL, the Lancashire-based hair salon equipment manufacturer and automobile equipment wholesaler, yesterday called a halt to dealings in the company's shares following two weeks in which the share price has risen sharply.

The ordinary and deferred shares were suspended at 66p and 64p respectively, each showing rises on the day of 5p. At this level, the company is valued at £5.32m. Yesterday's rises give a total gain over the past two weeks of 21p for each of the classes.

The company said that a meeting of the board would be taking place today after which a statement would be issued.

The directors and associates own 6.6 per cent of the deferred capital and under 1 per cent of the ordinary. Substantial holders of the ordinary shares are shown to be Rhone Bank Nominees with a 16.6 per cent stake and Ferlim Nominees with a 6.6 per cent holding. In addition, Mr. J. D. Abell held 17.24 per cent of the deferred and 16 per cent of the ordinary shares.

The latest accounts for the 14 months ended May 31, 1980 showed profits of £448,981 compared with £176,329 in the previous year, on a turnover of £4.19m (£2.34m).

The directors said in October that the current year had started reasonably well, but conditions had become more difficult. They said that indications were that profits for the full year might not reach the 1979/80 level.

The results for that year included 9½ months contribution from the new subsidiary, Yorkshire Lamp.

K Shoes acceptances

ACCEPTANCES of the offers by C. and J. Clark to acquire the capital of K Shoes not already owned have been received in respect of 13.78m new ordinary 1p shares and the same number of deferred shares of 25p each in K Shoes. The offers amount to 58.4 per cent of the total issue in each case.

Acceptances have also been made in respect of 327,986 4½ per cent—now 3.15 per cent, plus tax credit—cumulative preference shares of £1 each. This represents 93.7 per cent of the K Shoes preference capital.

The ordinary and deferred offers have been declared unconditional as to acceptances, but remain conditional on the Office of Fair Trading indicating that the proposed acquisition will not be referred to the Monopolies Commission.

The preference offer is also unconditional as to acceptances, but remains conditional on the ordinary offer being declared unconditional in all respects. All the offers will remain open until further notice.

Holders of 1.29m new ordinary shares and the same number of deferred shares in K Shoes have chosen to receive loan notes instead of cash for their holdings. The loan note option will close on January 28.

Attwood buys Castlecroft

Attwood Garages is acquiring, subject to formal contract, a freehold garage and three shops at Finchfield, Wolverhampton and the capital of Castlecroft Motor Co. which has a Vauxhall franchise at Finchfield.

Consideration for the properties is £205,000. Consideration for the capital of Castlecroft will be based on its net asset value at January 31, 1981 and is expected to be approximately £38,000.

Net asset value of Castlecroft at December 31, 1979 was £52,908. It made a loss for year ended on that date of £6,772 on turnover of £507,156.

The vendors will continue their Leyland franchise for a period under the name Oak Hill Finchfield.

Attwood also announces that Mr. R. J. D. Attwood and Mr. C. M. A. Attwood have ceased to hold executive positions at Attwood. Mr. T. M. Marriott has become chairman and chief executive, and Mr. G. Skyrme has joined the board as sales director.

TECALEMIT/ ORBIT CONTROLS

Tecalemit's offer for Orbit Controls has been declared unconditional — acceptances being received in respect of 99.30 per cent.

Orbit will continue to operate under its own name, and from its existing base in Cheltenham as part of the recently-formed electronics division of Tecalemit, which is continuing its search for suitable companies to join the group. It is particularly interested in the field of electronic engineering and engineering distribution.

BARROW HEPBURN

Barrow Hepburn Industries, a subsidiary of Barrow Hepburn Group, has acquired Cradley Rubber Company, of Lye, Stourbridge, for £225,000 cash.

Cradley Rubber is engaged in the distribution of industrial rubber and plastic products and protective clothing to industry, local authorities and others.

Mr. and Mrs. M. E. Simmonds, the vendors, will continue with the business, with Mr. Simmonds as managing director.

CMT-CAPARO

The privately-owned Caparo steel group has acquired another 120,000 ordinary 10p shares in the Central Manufacturing and Trading Group, based in the West Midlands, at 51.25p each. This brings the Caparo Group stake in CMT to a total of 20.6 per cent (5,450,000 shares).

J. W. LEVY AND SECURE SAFES

Secure Safes (Coventry) has become an associate of J. W. Levy and Son with effect from January 8, 1981.

Mr. Albert Bates will continue as chairman and managing director of Secure Safes, while Mr. J. W. Levy and Mrs. E. G. Peters will join the existing board.

ASSOCIATES DEAL

As brokers to Ferguson Industrial Holdings, Laing and Cruickshank purchased on January 2, 25,000 Gosforth Industrial Holdings ordinary shares at 41½p, and on January 5 25,000 at 41½p for FIH.

SHARE STAKES

Danae Investment Trust — Cornhill Insurance Company has bought 140,000 shares making holding 540,000 shares (7.7 per cent).

Renwick Group—Mr. S. Hinchliff, director, disposed of 35,000 ordinary shares on January 6 at 73p. These shares were listed among his beneficially held shareholding.

Gosforth Industrial Holdings—Globe Investment Trust, following sale of part of its holding, is interested in 1,140,000 shares (6.22 per cent).

Sun Life Assurance Society—Garsan on January 12 acquired a further 100,000 shares and now held 18.05 per cent. Liberty Holdings and Mr. Donald Gordon have corresponding interests in such shares.

Colmore Investments—Midland and Northern nominees acquired 30,000 shares making holding 202,500 shares (5.06 per cent).

Murray Clydesdale Investment Trust—As a result of the purchase of 200,000 ordinary shares on January 12, the National Coal Board Staff Superannuation Scheme and the Mineworkers Pension Scheme, together with a subsidiary wholly owned by the aforementioned schemes, now jointly hold a total of 7,041,568 shares (8.04 per cent).

Westminster Property Group—Orphean has disposed of 1.4m shares leaving holding 2,875,000 (16.6 per cent).

Argyll Foods—D. F. Burditt and R. E. Semark were each granted on December 15 an option to subscribe for 100,000 shares at 79p.

LONDON TRADED OPTIONS

(Jan. 15 Total contracts 647)

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	330	64	—	74	1	—	—	392p
BP	360	34	—	50	1	—	—	"
BP	390	6	51	32	25	48	—	"
BP	420	1	—	18	29	32	5	"
BP	460	½	3	9	—	20	—	"
Com. Union	140	2	10	8	—	11	—	136p
Com. Union	180	¼		1	—	2	5	"
Cons. Gold	460	—		53	—	68	1	476p
Cons. Gold	488	4		34	1	—	—	"
Cons. Gold	538	¼		14	1	—	—	"
Cons. Gold	568	¼		5	4	15	—	"
Courtaulds	60	½	—	5½	25	7	1	53p
GEC	460	118	1	143	—	—	—	575p
GEC	550	28	5	68	5	92	—	"
GEC	600	3	—	35	2	62	1	"
Grand Met.	120	25½	5	—	—	—	—	145p
Grand Met.	150	15½	3	—	—	—	—	"
Grand Met.	140	5½	106	14½	54	20	29	"
Grand Met.	160	½	35	5	11	10	25	"
Grand Met.	180	¼	—	2½	—	5½	2	"
ICI	300	3	—	19	1	32	—	296p
ICI	330	½	10	10	10	20	—	"
ICI	390	¼	6	2	5	—	—	"
Shell	360	36	2	—	—	—	—	444p
Shell	420	26	6	40	—	54	—	"
Shell	460	2	1	20	11	32	—	"
Totals			258		184		69	
		February		May		August		
Barclays B'k	390	32	—	42	—	58	10	411p
Barclays B'k	420	13	—	26	—	37	30	"
Barclays B'k	460	4	—	12	—	24	10	"
Imperial Gp.	70	6½	—	7	1	10	—	74p
Imperial Gp.	80	1	35	3½	—	4½	—	"
Lasmo	730	18	2	62	—	90	—	717p
Lasmo	800	7	—	40	12	63	6	"
Lonrho	100	—	—	7	2	10	—	92p
Lonrho	110	—	—	4	2	6	1	"
P. & O.	130	½		4½	2	9	—	114p
Racal Elec.	280	20	8	37	1	49	2	288p
Racal Elec.	300	11	1	27	10	57	—	"
Racal Elec.	330	3	1	15	—	26	—	"
Racal Elec.	360	¼	19	9	—	17	—	"
RTZ	360	—	—	40	1	55	—	392p
Totals			66		31		59	

Stag exceeds offer price on resumption

Shares in Stag Line, the North Shields shipping group which on Wednesday was confronted by a surprise £4.4m bid from Hunting Gibson, jumped 100p to 370p when dealings resumed yesterday. This is 15p above the Hunting cash offer.

The company yesterday had no comment to make on the bid, which has already been accepted by Ropner Holdings in respect of its 29.9 per cent holding.

Stag said a full meeting of the board had been called for today and it was hoped to issue a statement early next week.

SANDHURST MKTG./ F. SMITH

Further details of Sandhurst Marketing's acquisition of F. Smith, a private office equipment and stationery supplier, were revealed yesterday. The total cost of the purchase is close to £2m, including £1.78m in cash. Of the total cash payment, £650,000 is deferred.

The deferred payment is stretched over five years and based on Smith's office equipment side increasing its profits by around 10 per cent per annum. Also over the five-year period Smith's asset base should improve by £800,000. The deal involves no goodwill element for Sandhurst.

When the offer document is released the pro-forma balance sheet for the two businesses will show a very heavy level of debt. Shareholders' funds will be in the area of £2.7m equal to overall borrowing. However, the directors say that this high level of debt is a reflection of the group's involvement in leasing. Also it is within the group's capabilities to undertake various asset disposals of a periphial nature to reduce debt.

ACORN EXCHANGE WITH LLT

Following proposals put to shareholders of Acorn Securities Company, investment trust concern, last December, London and Liverpool Trust has been offered 137,403 capital shares and 129,908 income shares, all of which have been accepted.

Acorn was wound up voluntarily at the end of 1980, and to provide continuity of investment share proposals were made whereby London and Liverpool invited Acorn capital and income shareholders to exchange their shares for LLT ordinary shares.

LLOYD/COOPER

Cooper Industries has acquired a further 100,000 shares in F. H. Lloyd Holdings, taking its stake up to 22.07 per cent (5,313,200 shares).

MINING NEWS

Higher copper production from Palabora

BY GEORGE MILLING-STANLEY

THE SOUTH AFRICAN copper producer Palabora has had a good year in terms of production, with an increase in the amount of ore milled more than offsetting a slightly lower grade.

Copper production for the 12 months to December 31, 1980, was 114,008 tonnes, almost 3,000 tonnes higher than in 1979.

The ore grade at this large open-pit operation, in which the Rio Tinto-Zinc group has a 39 per cent interest, was marginally lower at 0.48 per cent compared with 0.49 per cent. The tonnage of ore milled was some 6 per cent higher at 27.57m tonnes.

The amount of copper sold edged upwards to 113,051 tonnes from 112,667 tonnes.

As far as the other products *from this versatile mine are concerned*, sales of magnetite were 87,137 tonnes compared with 70,447 tonnes, sulphuric acid 95,991 tonnes (103,139 tonnes), vermiculite 162,642 tonnes (178,022 tonnes) and uranium concentrates 96,044 kilograms (128,606 kg).

Palabora said that the improvement in magnetite sales reflected an increase in local demand, while the uranium market remained depressed. As a result stocks of uranium concentrates increased from 23.86 tonnes at the end of 1979 to 101.5 tonnes at end-1980.

The final quarter gave some indication of a rally in sales of uranium concentrates, however, with a figure of 27,712 kg compared with 14,485 kg for the corresponding period of 1979.

The company also produces precious metals as a by-product from anode slimes. Although no details of specific metals are given, Palabora said that 1980 sales of precious metals totalled 489,647 ounces, down from 558,112 ounces in 1979.

The company is due to announce its financial results for 1980 in about a month's time. Net profits at the halfway stage were about 40 per cent higher than in 1979 at R31.24m (£17.6m), but Palabora has already warned that second half results would probably be lower because world economic conditions "militate against a strong and continuing recovery in the copper market in the short term."

Gold discovery in Arizona

EXPLORATION drilling in the Hieroglyphic Mountains 20 miles north-west of Phoenix, Arizona, has encountered what may be a major gold discovery, according to the Arizona State Department of Mineral Resources.

The discovery was made by Ranchers Exploration and Development, which operates the Bluebird copper mine in Arizona and a uranium mine in New Mexico.

The company said that 39 drilling holes have been assayed on the property, known as Mystic 1, and significant gold mineralisation was indicated. It is too early to determine whether the deposit could become a commercial producer, Ranchers Exploration said.

The discovery seemed to be ... a type of host rock ... geological formation ... not been extensively ... for gold in the U.S., according to Ranchers Exploration.

In October of last year, the company discovered what it hopes will prove to be a commercial gold discovery in Montana.

PENGKALEN TIN DREDGE SINKS

The UK-registered Pengkalen, which operates a single-dredge tin mining operation in Malaysia, reports that the dredge sank on January 9. It has settled on an even keel with the pontoons some 12 feet under water.

It is stated that the company's insurers have been notified and that recovery operations are being investigated. In London yesterday shares of Pengkalen lost 3p to 100p.

OIL AND GAS NEWS

Woodada rumours boost Strata

Rumours of an oil strike in the Woodada No. 3 well in the Perth Basin of Western Australia sent shares of Strata Oil spiralling upwards on Australian and London stock markets yesterday.

In Sydney Strata's ordinary shares jumped 55 cents to a record A\$4.35 and the options 60 cents to A\$4.10. On the London market Strata climbed 26p to 218p. Strata has a 26.95 per cent interest in the Woodada programme.

Woodada 3, which was completed on January 12 was drilled to help determine the extent of the gas discovery made last May when the Woodada 1 well flowed gas in excess of 32m cubic feet a day. A second well, Woodada 2, produced gas in similar quantities.

A Strata official declined to comment on the rumours—which emanated from the Sydney Stock Exchange—and said that an official report on Woodada 3 will be made next week. The company issues weekly drilling reports from the Woodada location. Testing of Woodada 3 is believed to be imminent.

During the drilling of the latest well Strata announced high gas readings along with traces of oil in heavily gas-cut mud. Total depth of Woodada 3 is 2,540 metres. The well is located 4 km north of Woodada 1.

Hughes and Hughes of Texas is operator of the programme and has a 65 per cent interest. The UK-registered Rampton Trust is seeking approval of its purchase of a 3.5 per cent interest in the discovery, while Australia's Mincorp has a 1 per cent interest.

The remaining 3.55 per cent is held by a number of companies and individuals. Strata has two main shareholders: Haoma Gold, with 16.8 per cent and North West Mining with 25 per cent.

Strata has proved to be one of the most successful of the junior Australian oil and gas explorers. The company was formed in November 1979 as the oil and gas exploration arm of the Haoma Gold/North West Mining group.

Before the Woodada gas discovery Strata shares were changing hands around the 12p level. Woodada 1 was the first well to be drilled by Strata.

Dixons falls to £5m at midway but pays more

WITH SALES and margins of its overseas activities sharply affected by the recession, taxable profits of **Dixons Photographic** dropped from £5.92m to £5.01m for the 28 weeks to November 8, 1980, on lower external turnover of £113.71m, against £116.19m.

However, Mr. Stanley Kalms, the chairman, says that against the current economic background the half-year profits are viewed with some satisfaction, especially as they include redundancy and reorganisation costs of £542,000 incurred by the retail division.

The net interim dividend is being stepped up from 1.25p to 1.3125p per 10p share—last year's total was 3.325p on record £10.92m pre-tax profits.

Tax charge for the period was down from £2.78m to £2.56m and after reduced extraordinary credits of £383,000 (£595,000), attributable profits fell from £3.73m to £2.83m. The dividend will absorb £660,003 (£628,330).

Profits from the processing division were a record, but those of the pharmaceutical side remained marginal. The property division started the year well and has extended its interests into the U.S.

Christmas retail trading in the UK was good. The retail division now has 231 branches and at least a further 24, including three resites are due to open in 1981.

The group remains committed to an intense programme of improving efficiency and of expansion, and is not deterred by present transitory economic circumstances.

	28 weeks 1980-81 £000	1979-80 £000
Group sales*	115,229	125,214
Retail	45,520	41,068
Processing	8,822	6,640
Pharmaceutical	38,813	55,602
Manufacturing	1,249	1,027
Property	3,864	5,201
Overseas†	16,931	15,676
Less inter-co. sales	1,522	9,026
Net sales	113,707	116,188
Profit before tax	5,011	5,919
Retail	1,537	2,375
Processing	1,341	1,095
Pharmaceutical	12	‡8
Manufacturing	225	193
Property	1,421	1,223
Overseas†	477	1,041
UK tax	2,357	2,537
Overseas tax	204	246
Net profit	2,450	3,135
Extraordinary credits§	383	595
Attributable	2,833	3,731

*Excluding VAT †For 28 weeks ended July 12, 1980 ‡Loss § Comprises profits less costs (after tax) resulting from reorganisation of pharmaceutical division

● comment

Dixon's is going to have to bounce back quite significantly in 1981-82 if it is to keep its reputation as a growth business. The group's 15 per cent pre-tax decline is understandable in the current climate of retail recession, but it is nonetheless disappointing. Although profits are up in the property business it is *not comforting to know that 28* per cent of a retail group's income came from property development. On the retail side the reorganisation and redundancy costs (relating in part to the disposal of television servicing and in-house credit card management) dismayed some analysts. There is better news, however, in the processing division, where Dixon's claims to have a 20 per cent share of the UK mail-order market. The pharmaceuticals business now seems to have turned the corner and could make £100,000 this year against last year's loss of nearly £600,000. At 125p, down 10p yesterday the shares yield just 4 per cent on a prospective net total dividend of 3.5p per share. The group could earn around £10m pre-tax this year and on this basis the fully taxed p/e of 13 is taking the best possible line through the short to mid-term consumer durables outlook.

Fewer loans expected by Royal Bank of Scotland

FALLING INTEREST rates and the reduced demand from industry for loans as pressure on costs eased, were likely to have an adverse effect on bank profits in the short-term, Sir Michael Herries, chairman of the Royal Bank of Scotland group, told the annual meeting in Edinburgh yesterday.

He added: "We are now seeing a further decline in the rate of inflation and moderation in wage settlements, with many in single figures. A move towards lower interest rates would help industry further.

"Inevitably there would be an effect on banking, but the reduction in inflation and the establishment of a firm foundation for economic growth should in due course, bring more lasting benefits to the industry."

Pre-tax profits for the year to September 30, 1980, increased from £96.6m to £100.1m on an historical cost basis (a fall from £64.3m to £51.4m on a CCA *basis*).

The Royal Bank group includes the Royal Bank of Scotland and Williams and Glyn's Bank.

Associated Paper drops £1.6m and cuts final

A SLUMP in profits in the second six months from £1.07m to £96,089 has left **Associated Paper Industries** with a taxable surplus for the year to September 27, 1980, £1.6m lower at £352,089.

And the directors warn that current trading conditions are not good and the group is finding it difficult to make profits at the present time.

At the interim stage this Cheshire-based group, which manufacture paper, board and stamping foils and converts paper and film by coating, laminating and corrugating, reported profits down from £872,828 to £256,000.

Although the directors maintained the interim dividend "against a background of the situation as it then was," they say the subsequent decision to close Cooke and Nuttall and the continuing deep recession led them to the view that it was necessary to reduce the level of the total substantially.

Accordingly, the final is being cut from 2.44p to 0.79p net, making a total for the year of 2p, compared with 3.65p. The final is being paid a month early.

Turnover for the year was maintained at £44.67m (£44.59m), consisting of continuing operations £32.95m (£30.49m) and discontinued operations £11.71m (£14.1m).

The surplus was struck after interest charges of £768,472 (£384,644) and discontinued operations loss amounting to £1.04m (£114,653).

This loss represents losses, before any charge for interest on funds employed or any allocation of group costs, of the subsidiaries whose operations were discontinued during the year (Vale Board Mills, Cooke and Nuttall and two overseas operations of George M. Whiley) less *the profits earned by Mallandain* Corrugated Containers up to the date of sale.

After tax of £45,643 (£286,754), the net surplus came through at £306,446 (£1.7m) before extraordinary items of £3.9m (nil).

Stated earnings per 25p share, fully diluted, were down from 11.54p to 2p and basic earnings were *also 2p*, compared with 12.53p.

There was a transfer from reserves equal to extraordinary items and after ordinary dividends, which absorb £284,997 (£519,555), the balance transferred to reserves was £313, against £1.12m.

After this transfer, reserves at year end stood at £5.41m (£9.31m) and shareholders' funds showed a reduction from £13.42m to £9.52m.

● comment

The payoff from last year's major surgery at Associated Paper Industries may take some time to build up but the directors are confident that the group can now thrive as a maker of highly specialised papers and laminates. One promising indication is that exports have grown from 12 per cent to nearly 20 per cent of turnover in the past year. The two-thirds cut in the final dividend is a surprise but the dividend for the year is only just covered on an historic cost basis before the extraordinary write-downs. The market capitalisation is £3.8m compared to shareholders' funds of £9.5m following the closures and disposals. At 27p, down 1p, the shares yield 11 per cent and could be set for major recovery, either on merit or from bid interest.

Setback in second half for Ace Belmont

A SECOND-HALF loss of £139,146, compared with a £1.38m profit, has left caravan manufacturer, **Ace Belmont International**, with a taxable surplus well down from £2.07m to £610,854 for the year ended August 31, 1980. Turnover rose by £6m to £34.1m.

Mr. T. W. Reed, chairman, says that first-quarter sales are up 4 per cent in the current year and are very satisfactory in the present climate. He adds that all group companies are trading profitably, except ABI Caravans (Netherlands).

Pre-tax figure for the year was struck after much higher interest of £381,312 against £46,720, but was before a tax credit of £126,501 (£165,687 charge).

There was an extraordinary debit of £254,673 compared with £134,574, preference dividends cost £208,800 (same) and the amount retained came through down from £1.57m to £273,882.

Earnings per share of this privately-held close company are shown to have fallen to 25.2p against 81p.

NGA strike causes heavy losses for Woodrow Wyatt

NATIONAL strikes, conducted by the National Graphical Association during the first two months of the year, had an adverse effect on pre-tax figures of **Woodrow Wyatt Holdings**, printer. The board says that during the period the group suffered losses amounting to about £100,000.

There was a strong recovery in the following four months despite interest charges up from £112,699 to £188,382, but there was a pre-tax loss of £24,617 in the six months overall to September 30, 1980. In the corresponding period last year, the group reported pre-tax profits of £186,646.

Turnover rose from £3.47m to £3.77m.

The interim dividend has been halved at 0.5p—last year's total was 2.5p from pre-tax profits of £300,000. There is a loss per 5p share of 0.9p against earnings of 3.7p.

The pre-tax figure was struck after the interest charges, and exceptional debits of £33,101 (£12,756). Tax was down from £25,211 to £10,503, and there was a loss taken to reserves of £59,628 (profit £113,268).

The board says a considerable amount of streamlining has taken and is taking place involving redundancies which so far this financial year has cost £60,000.

SHANKS HLDGS.

At a meeting of the debenture holders of **Shanks Holdings** the extraordinary resolution that the 7½ per cent debenture stock should be repaid on January 31 at 93 per cent, together with accrued interest, was duly passed.

Kennings Estates rises to £3m

BOOSTED by property sales, the pre-tax profits of **Kennings Estates** rose from £1.81m to £3.04m in the year to September 30, 1980.

Turnover of the property company, a subsidiary of the Kenning Motor Group, was up slightly from £1.77m to £1.8m, while trading profits slipped from £1.35m to £1.32m. Added to this was the surplus on the sale of properties of £1.24m (£201,000) and amortisation no longer required £220,000 (nil).

Amortisation of leaseholds took £47,000 (£50,000) and interest on debenture stocks £241,000 (£254,000). Interest received was £550,000 (£558,000).

The tax charge was £11,000 lower than last year at £829,000.

The company's properties were revalued at the year-end, disclosing a surplus of £9.45m.

Olympic Holidays well ahead

Olympic Holidays has substantially increased profits and turnover in the year to October 31, 1980. Turnover rose by 58 per cent to £13.1m and earnings after tax reached £0.7m—68 per cent higher than a year before.

The main reason for this performance was the continued depreciation of the Greek drachma against sterling.

The drachma has fallen against sterling by nearly 23.5 per cent since January, 1980, enabling Olympic to increase margins and volume.

M & G Dual

Pre-tax profits of M and G Dual Trust advanced from £1,286,390 to £1,508,187 for 1980.

Tax for the year took £452,698 (£386,092) giving a net figure up from £900,298 to £1,055,489.

The net dividend total is raised to 18.35p (15.65p) per 10p share, with a final of 9.85p.

NEW LIFE AND BONUSES

Good year for Friends' Provident

A good year for life and pensions business in 1980 in the UK is reported by the **Friends' Provident Life Office**, where new annual premiums were one-fifth higher at £24.2m (£20m) and single premiums were nearly 7 per cent up at £10.9m (£10.2m).

The company reported new annual premiums on ordinary individual business up by nearly one-third, from £7.3m to £9.6m, with sales of the 10-year savings plan, Maxidowment, doubling to £3.3m. This is in complete contrast to the general pattern of UK life business where savings sales declined. New annual premiums for executive benefits rose by 28 per cent, from £2.7m to £3.5m.

Group pension business was mixed last year. New annual premiums on insured schemes rose from £7.5m to £8.8m, but new premium income in the managed fund declined slightly from £2.5m to £2.3m.

The improvement in single premium business in the UK in 1980 was across the board, with group pensions being particularly buoyant at nearly £6m.

Overseas business of Friends' Provident showed a mixed pattern last year. Sales of ordinary life policies in the Republic of Ireland increased 45 per cent to IR£975,000 and total new annual premiums advanced by 11 per cent, from £2.7m to £3m, while single premiums were £2.7m, against £100,000.

New annual premiums in Australia declined from A$5.1m to A$4.5m, but single premiums totalled A$2.9m, against nil for 1979. In Canada, new annual premiums fell from C$4.9m to C$4.2m, with single premiums doubling to C$6.3m.

A mixed pattern of new life and pensions business last year is reported by the **National Provident Institution**, with new annual premiums down from £13.9m to £12.5m, and single premiums up £2.9m to £13.8m.

This pattern was seen in the self-employed pensions field where the company is a market leader. New annual premiums fell by over 20 per cent, from £5.9m to £4.6m, while single premiums rose by 6 per cent to £7.2m (£6.8m). The company reports a continuing trend towards single premium business in this field at the expense of annual premium business.

New annual premiums on ordinary life business remained steady at £1.9m, while single premiums at £360,000 were slightly up.

New premiums on company *pensions business, annual and* single premiums combined, rose by 17 per cent to £12.23m and total combined new premiums last year rose by 3 per cent to £26.3m.

Record new business for 1980 in most sectors of the life and pensions field is reported by **Sun Life Group**, with new annual *premiums* ahead by 5 per cent, from £34.4m to £36.1m, and single premiums up nearly 30 per cent, from £29.4m to £38.2m.

The bulk of this growth came from pensions business where new annual premiums rose by 10 per cent from £23.9m to £26.4m and single premiums by nearly 50 per cent, from £11.5m to £16.9m.

Group pensions, including managed funds, were particularly buoyant with an 11 per cent rise in annual premiums to £19m and a 20 per cent increase in single premiums to £42m. Self-employed pensions business was dull, however, with a slight decline in *annual premiums* from £700,000 to £600,000, and a larger fall in single premiums from £1.8m to £1.5m.

Individual life business, including annuities, followed the trend of many life companies with reduced annual premiums, but high single premiums. New annual premiums dropped from *£10.5m to £9.7m, while single* premiums rose nearly 20 per cent from £17.9m to £21.3m. Included in these figures is the business of the linked life subsidiary, **Sun Life Unit Assurance** with annual premiums of £630,000 against £590,000 and single premiums of £7.2m against £5.8m.

Mr. Richard Zamboni, managing director of Sun Life Group, said that it was pleasing to announce increased pension business and a good level of ordinary business in a year of economic difficulties and when the slump in the mortgage market affected mortgage related business.

NPI pays record rates

RECORD rates of reversionary and terminal bonus have been declared by the **National Provident Institution**. For life policies issued since 1976, the rever*sionary* bonus rate for 1980 is lifted by 10p to £4.55 per cent of the sum assured and attaching bonuses. These policies now qualify for a terminal bonus on contracts issued in 1976 and 1977. As yet only death claims will be affected since no policies will mature before 1986.

On policies issued before *1976*, the rates are improved by 15p to £6.65 per cent for whole life contracts, £6.15 per cent for endowments maturing at age 70 or over, £5.65 per cent for endowments maturing at age 60, and £5.40 per cent for endowments maturing at age 55 or less; the rates applying to the sum assured.

Terminal bonuses on these contracts have been lifted to record levels, with the company operating three different scales. The combined effect of these bonus changes is that a 10-year policy for a basic sum assured of £10,000 maturing at age 50 will pay a maturity value of £16,090 this month compared with £15,500 in December 1980—a rise of 3.8 per cent.

On self-employed pension plans, the reversionary bonus is increased by 15p to £6.45 per cent compound on current series policies and to £5.95 per cent on contracts issued before May 1, 1971. Terminal bonuses are improved and will now apply to the basic benefit and attaching bonuses instead of the basic benefit only. Improvements vary from a 6 per cent increase for 10 year policies to 10.3 per cent for 24 year contracts.

The bonus rate on visible growth and capital pension plans is lifted to 8 per cent per annum making a total rate of 14 per cent against 12½ per cent.

WMC

CHAIRMAN'S ADDRESS TO SHAREHOLDERS

At the Annual General Meeting of Shareholders of Western Mining Corporation Holdings Limited, held in Melbourne on December 4, 1980, the Chairman of Directors, Sir Arvi Parbo, made the following remarks in moving that the Annual Report and Accounts for the 52 weeks ended June 24, 1980 be received and adopted.

FINANCIAL

The financial result for the year was a record profit of $57.4 million before extraordinary items, which made it possible to pay higher dividends to shareholders. All interests of the Company contributed to this improved result, but the most important factor was the higher price of nickel following re-establishment of balanced supply/demand conditions in world markets. The better return was a welcome change from the depressed earnings in recent years, although it was not yet high enough by comparison with returns on risk free investments and in relation to the funds employed, particularly when the effects of inflation are taken into account. Achievement of a satisfactory level of profitability by efficient enterprises is fundamental to the wealth generation process on which the standard of living is based, and is therefore in the interests of the whole community. An important event during the year was the acquisition of 80.2% of BH South Limited for shares in Western Mining Corporation Holdings Limited and cash. The issued share capital of WMC Holdings increased by approximately 25% as a result. Following the sale of certain BH South assets after the acquisition, the major interests of that company are now a 13.1% shareholding in Alcoa of Australia Limited which complements our direct holding of 20%, extensive phosphate rock deposits in Queensland, and a 3.5% shareholding in CRA Limited.

The year's activities have been fully discussed in the Annual Report. I propose to speak mainly about developments since the Report was issued, and the outlook for the present year.

NICKEL

The demand for nickel in 1980 is expected to be some 15% lower than in the record year 1979. This reflects the recession in the United States which is now being followed by a downturn in economic activity in Europe and Japan. The main nickel producers have adjusted production accordingly and world stocks of nickel are expected to remain close to normal. Western Mining's production of nickel in the last two years has been considerably lower than sales, resulting in a reduction of excess stocks to normal by the end of the last financial year. We are monitoring the market situation closely to ensure that current production is related to current sales. Exploration for nickel at Kambalda in recent years has been very successful, particularly in the Foster Shoot at St. Ives which is emerging as a major ore position, and more recently, in the Tramways area further south. Mine development has continued well ahead of immediate production requirements, with the main effort in the Long orebody. Since the end of the year a decline has been commenced into the Foster Shoot. The present ore reserve and forward development position at Kambalda is easily the strongest since operations began in 1967. Continued exploration and development at Windarra (50% owned) since production was suspended in 1978 have also put that project in a good position. Resumption of nickel production at Windarra and the level of output at Kambalda depend mainly on market conditions.

The existence of gold ore at the Lancefield mine near Windarra will introduce additional flexibility into that operation. The presently estimated proven ore reserve of 200 000 tonnes at a grade of 8 grams per tonne to a depth of 60 metres below the surface is supported by considerable potential for deeper ore below this horizon as well as on a parallel footwall structure. Preparation of the mine for production and modifications of a part of the Windarra mill are in progress. Production of gold is expected to begin in 1981.

At Kambalda a trial parcel of stoping ore from the gold occurrence in the Hunt mine will be treated over the next few months. Plans are being formulated for open cutting the near-surface gold ore at the Victory mine, 20 kilometres south of Kambalda. A test parcel of open cut gold ore from a recent discovery at Sand King, about 75 kilometres north of Kalgoorlie, is being toll treated in the North Kalgurli mill in Kalgoorlie. Work has recently begun to test the upper 60 metres of the Great Boulder leases to determine the tonnage and grade which may be economically recoverable by open cut methods. Intersections of gold mineralisation have also been made elsewhere in the Kalgoorlie-Kambalda district, and these are being followed up. While it will take some time to complete the exploration of the various prospects, it is apparent even at this stage that a considerable tonnage of gold ore, *economic at present prices*, exists in the various areas held by the Corporation from north of Kalgoorlie to St. Ives. The most economical way to treat these ores will be to add capacity to the Kambalda mill as required, thus taking advantage of the investment in the existing infrastructure and supporting facilities and the marginal nature of the treatment costs. It has therefore been decided to add a cyanide circuit for the recovery of gold to the Kambalda mill, in addition to the gravity gold recovery circuit installed earlier in the year. The cost of the cyanide circuit is estimated to be $5.5 million and it is expected to be operational by August, 1981. When this work has been completed the mill will have a capacity to treat a total of 1.7 million tonnes of ore per annum of which up to 0.5 million tonnes per annum can be gold ore.

The nickel smelter in Kalgoorlie and the refinery at Kwinana continued to operate very satisfactorily. Both these plants are now well established and have a capacity substantially greater than present throughout. Taken together, the Company's nickel operations are efficient, flexible, and capable of incremental expansion as market conditions warrant.

GOLD

The existing producing interests, Central Norseman Gold Corporation (50.5% owned) and Kalgoorlie Mining Associates (10.2% indirect interest), both achieved record profits in 1979/80. At Norseman, exploration continued to add to the ore reserves and potential and work preparatory to opening up the southern end of the field by underground development is well advanced. In Kalgoorlie, rehabilitation of the Fimiston area including the construction of a new treatment plant continued, with production at an initial rate of 400 000 tonnes/year expected to start during 1981. This will be in addition to the present production from Mt. Charlotte, for which a proposal to sink a major new shaft to service the mine at depth is under consideration. The Hill 50 Gold Mine N.L. at Mt. Magnet, in which we now have a 38% interest and which we manage, is proceeding on a programme to recommence production by mid-1981 at the rate of 150,000 tonnes per annum.

In addition to the new gold developments in the Eastern Goldfields area including at Kambalda/St. Ives and Windarra, to which I have already referred, a decision was recently made to commence underground exploration at Stawell in Victoria *where we have been drilling in a 50:50* joint venture with Central Norseman. The purpose of the underground development is to enable estimation of the tonnage and grade of the ore indicated in recent drilling within 200 metres of the surface.

Exploration for gold is continuing on other prospects in both Western and Eastern Australia.

ALUMINIUM

Alcoa of Australia Limited, in which we now have a 30.5% direct and indirect interest, has commissioned the third potline at its Point Henry smelter in Victoria making it now the largest smelter in Australia with a capacity of 165,000 tonnes of aluminium metal per annum. The agreement with the Victorian Government for the establishment of a second *smelter at Portland in Victoria has been* ratified by the State Parliament and work is expected to commence shortly. In Western Australia, the construction of the third alumina refinery at Wagerup is well advanced and proceeding on schedule.

While Australia is the world's largest alumina producer, production of aluminium metal has been on a small scale by world standards. The increase in the price of oil has created opportunities for a considerable expansion of the Australian aluminium smelting industry over the next four or five years. Although construction costs are about 25% higher than in the United States and there are other adverse cost features in Australia, the ability of the power generation systems to increase their capacity incrementally within a relatively short time and make the power available at a reasonable cost make Australia an attractive location for new smelters in the near term. In the longer term electricity from hydro-electric and large coal fired power stations is likely to be available at a lower cost in other parts of the world. It is important that the Australian Smelting Industry be well established while an advantageous situation exists.

For the first nine months of 1980, Alcoa of *Australia reported a profit of $70.9* million. This result was affected by an industrial dispute.

NEW PROJECTS

Work on the Yeelirrie uranium project (75% owned) and the Olympic Dam copper-uranium-gold project (51% owned) proceeded satisfactorily in accordance with plans. The Metallurgical Research Plant to test Yeelirrie ore was completed and is now in operation. A decision regarding the next stage of development will be made by the end of 1982.

An intense exploration programme continued to add to the dimensions of the Olympic Dam discovery. Work commenced on an exploration shaft to gain access to the mineralisation which commences 1 000 feet below the surface and to obtain large samples for metallurgical testing. The purpose of the work in hand is to formulate a plan and a timetable for production. Discussions commenced with the South Australian Government regarding an Indenture Agreement.

Work commenced on the brown coal deposit discovered at Kingston, South Australia during the year to determine the characteristics of this coal for use in *boilers for power generation* and to formulate a mining plan. Boiler tests are scheduled to take place during the first half of 1981.

EXPLORATION

MINERAL EXPLORATION

Extensive mineral exploration activity continued throughout Australia on operating mines, new projects, and on prospects elsewhere. In addition to the results already mentioned under operations and new projects, work at Benambra in Eastern Victoria (51% owned) continued to be successful in outlining occurrences of copper-zinc-silver mineralisation, with some gold in recent drilling.

PETROLEUM EXPLORATION

Since 1973 the Company has acquired interests in many petroleum exploration *prospects in Australia, including one off*-shore area in the Abrolhos Basin. During 1980 the Company and its partners were involved in approximately 5,000 kilometres of seismic surveying and in the drilling of nine exploration wells. Three of these wells yielded hydrocarbons, including a flow of 11.3 million cubic feet per day of gas from Wareena No. 1, and 150 barrels per day of oil and 4 million cubic feet per day of gas from Cuttapirrie No. 1, both in north-eastern Cooper Basin. Petroleum exploration activity is expected to remain at a high level during 1981. On present indications we expect 11 or 12 wells to be drilled on areas in which we have an interest. Out of these the Company will be involved in the financing of 5 or 6 wells, the remainder being drilled by others farming in, or on a sole risk basis.

OTHER MINERALS

BH South, through its fully owned subsidiary Queensland Phosphate Limited, controls extensive phosphate rock deposits in Queensland from which production has been suspended. Discussions have been held with the Queensland Government and prospective customers in Australia and overseas with a view to recommencing production of direct shipping grade rock on a modest scale while techniques for upgrading the lower grade reserves for eventual larger scale production are perfected and the economics of upgrading improve. Satisfactory progress has been made in discussions with the Queensland Government. Recommencement of operations and the timing of it depend *largely on the outcome of detailed* discussions with customers.

The 50% owned talc mine at Three Springs was successful in discovering substantial additional ore reserves and doubled its production capacity during the year. The limiting factor on its future operations is at present the availability of markets.

OUTLOOK

The world nickel industry will continue producing at a restricted level in 1981 but, as long as producers continue relating output to demand, the outlook is basically sound. There is no overhang of excess stocks and prices should be at least maintained at the present level as the higher cost producers are at best merely breaking even under today's conditions. Western Mining is one of the most economic nickel producers in the world. The outlook for gold in a troubled world remains strong. The Company's gold interests are rapidly expanding; production from a number of new sources will commence during 1981. Existing interests are expected to continue performing well.

Aluminium and alumina are subject to the same economic influences as other industrial materials. The present worldwide recession has affected the demand for aluminium metal.

Markets for alumina, which is the main source of income for Alcoa of Australia will also be softer in 1981 but are expected to be relatively stronger than for aluminium metal.

The profit of Western Mining Corporation Holdings for the first half of this financial year is likely to be somewhat higher than for the first half of 1979/80. It is not possible to predict the result for the full year at this time.

EUROPEAN OPTIONS EXCHANGE

Series		Mar. Vol.	Last	June Vol.	Last	Sept. Vol.	Last	Stock
GM C	$50	8	1 1/8	5	3	1	4 1/4	$45 1/8
GM C	$50	—	—	12	5/8	—	—	
SEARC	$15	—	—	3	2	—	—	$15 7/8
		Jan.		April		July		
ABN C	F.280	—	—	—	—	20	15.50	F.279
ABN C	F.300	—	—	33	5.50	2	7	"
ABN C	F.320	—	—	5	1	—	—	"
AKZO C	F.15	—	—	1	3.60	—	—	F.17.30
AKZO C	F.17.50	55	0.20	—	—	44	2	"
AKZO C	F.20	—	—	38	0.80	39	1	"
AKZO P	F.20	—	—	5	2.50	—	—	"
AMRO C	F.55	—	—	—	—	28	6	F.58.20
KODA C	$70	7	1 3/8	—	—	—	—	$71 1/4
KODA C	$80	—	—	1	2 3/8	—	—	
HEIN C	F.50	15	3.20	5	4.50B	—	—	F.53
HEIN P	F.55	14	2.20	5	5	—	—	"
HEIN P	F.65	—	—	6	14	—	—	"
HOOG C	F.12.50	—	—	—	—	15	3.30	F.14.80
HOOG C	F.15	105	0.20A	22	1.20	7	1.40	
HOOG C	F.17.50	—	—	20	0.40	—	—	"
IBM C	$60	20	6 7/8	—	—	—	—	$66 5/8
IBM C	$65	2	1 1/2	1	5 1/4	—	—	
IBM C	$70	—	—	10	3 1/8B	—	—	"
IBM C	$75	—	—	4	1 1/4	1	3 1/2	"
IBM P	$65	—	—	2	2 3/8	—	—	"
KLM C	F.55	—	—	2	5.50	—	—	F.57.50
KLM C	F.60	—	—	7	2.80B	—	—	
KLM P	F.60	51	2.70	20	6.40	—	—	"
KLM P	F.70	65	13	17	15	21	16	"
NATN C	F.110	7	10	—	—	3	14.50	F.120.20
NATN C	F.120	168	0.50	3	5.90	15	5.70	
NATN P	F.120	5	0.30	—	—	—	—	"
PETR C	Fr.5000	2	60B	—	—	—	—	Fr.5080
PHIL C	F.15	193	0.40	—	—	70	1.60	F.15.80
PHIL C	F.17.50	—	—	127	0.50	210	0.90	"
PHIL C	F.20	—	—	5	0.20	413	0.50	"
PHIL P	F.17.50	4	2.30	—	—	—	—	"
POLA C	$25	—	—	5	2 7/8	—	—	$24 3/8
OLIE C	F.160	221	47.30B	—	—	—	—	F.207.30
OLIE C	F.170	160	37.30B	—	—	—	—	
OLIE C	F.180	381	27.30B	13	32.50B	—	—	"
OLIE C	F.190	9	17.30B	45	23.50B	—	—	"
OLIE C	F.200	174	7.30B	15	17	2	21.50B	"
OLIE C	F.220	20	0.10	61	8.40	23	11.20A	"
OLIE C	F.240	—	—	127	3.60	39	6.40	"
OLIE P	F.160	—	—	5	0.50	—	—	"
OLIE P	F.180	—	—	10	0.80	—	—	"
OLIE P	F.190	—	—	28	2.40	5	5.20	"
OLIE P	F.200	—	—	52	6.20	2	11.20	"
OLIE P	F.220	26	12.80A	61	15.70	7	22.80	"
OLIE P	F.240	—	—	20	34B	—	—	"
ATT C	$50	—	—	2	2	—	—	$49 7/8
UNIL C	F.120	6	4A	—	—	—	—	F.133.90
XERO C	$60	—	—	20	4 7/8	—	—	$59 7/8
		Feb.		May		Aug.		
BOEI C	$40	28	2 1/8	16	5	—	—	$41 1/8
BOEI C	$45	20	5/8	—	—	—	—	"
BOEI P	$35	—	—	13	1	—	—	"
MANN C	DM.140	—	—	50	1.50	—	—	DM.127.30
OCCI C	$35	10	3/8	—	—	—	—	
SIEM C	DM.280	—	—	—	—	22	7.50	DM.259
SLUM C	$100	3	18 1/2	—	—	—	—	$115 5/8
SLUM C	$110	4	10 1/4	—	—	—	—	"
SLUM C	$120	4	3 3/8	1	10	—	—	"
SLUM C	$130	1	1	2	6 1/2	—	—	"
VEBA C	DM.140	—	—	48	2	—	—	[illegible]
VW C	DM.160	—	—	—	—	20	5	[illegible]
TOTAL VOLUME IN CONTRACTS						3768		

A=Asked B=Bid C=Call P=Put

Energy Review: Britain's North Sea Oil

By Ray Dafter, Energy Editor

Squeezing out the last drop

IT IS a sobering fact that just as Britain is becoming self-sufficient in oil on a sustained basis, production from some of the first North Sea fields is beginning to tail off.

Shell/Esso's Auk Field is now well past its prime—some 47.5m barrels of its estimated 60m barrels of recoverable reserves have already been extracted. On this basis Auk's production could be down to a dribble by 1985-86.

The Occidental Group's much bigger Piper Field reached its peak output back in 1979 and, perhaps more significantly, production from British Petroleum's important Forties Field could start to fall within the next 12 months.

The matureness of these and other fields does not augur the premature demise of the UK as a major oil producer. Petroleum geologists believe there are sufficient resources to maintain Britain's position as a net exporter for at least the next 20 years providing that:

- The present generation of oil fields are as prolific as expected.
- Further commercial reservoirs are discovered, and
- All of the fields are exploited to their full potential.

The North Sea emphasis, so far, has been on exploration and development. Mr. David Howell, Energy Secretary, visited key oil producing states in the Gulf last week and reminded them that the UK—now the tenth largest oil producer—had developed its resources more rapidly than anywhere else in the world.

But now the Government and industry are mounting a new campaign to ensure that every drop of economically recoverable oil is extracted from the mature fields.

The Department of Energy is to invest some £10m over the next five years on research into enhanced recovery techniques which can be applied to supplement more conventional production methods.

At the same time, the Energy Department and industry are co-operating in a project which should provide a clearer simulated picture of individual revervoirs hidden deep in the ground below hundreds of feet of water.

Much of the Government's work on both of these related projects are being undertaken at two sister UK Atomic Energy Authority establishments: Harwell in Oxfordshire, and Winfrith in Dorset.

It may seem odd that nuclear establishments should be chosen to undertake oil-related research but it was felt in the Department that Harwell and Winfrith held the most appropriate science and technological skills and facilities.

Harwell has been instrumental in developing a computer-based reservoir simulator which can be used in the planning, development and monitoring of oil field operations. Developed over the past three years on behalf of the Energy Department, British National Oil Corporation and British Gas Corporation, the simulator provides a three-dimensional mathematical picture of reservoirs.

Code-named PORES (Programme for Oil Reservoir Simulation), the simulator is said to be capable of solving numerically the difficult problems which arise in the sort of complex reservoirs found in the North Sea.

The simulator is already being used by BNOC and British Gas to check on their own offshore interests. More significantly, the Energy Department is simulating the behaviour of North Sea reservoirs as part of its test of development projects undertaken by the offshore industry.

Visual meaning to the mathematical model is being provided at Winfrith where Atomic Energy Establishment staff are developing colour graphics systems to help in the presentation and interpretation of the simulation data. Here, on a computer screen, it is possible to watch a changing picture of a field as it is carried through its development. The area containing recoverable oil becomes smaller as the programme moves rapidly towards the simulated end of the field's production life. It is possible to "see" pools of oil left behind, maybe because they have been trapped in geological faults or have simply remained out of the range of production wells.

A case in point could be BP's Forties Field. Both BP (and its partners Shell and Esso) and the Energy Department are aware that extra production equipment may be needed fully to exploit oil reserves in the south east corner of the field.

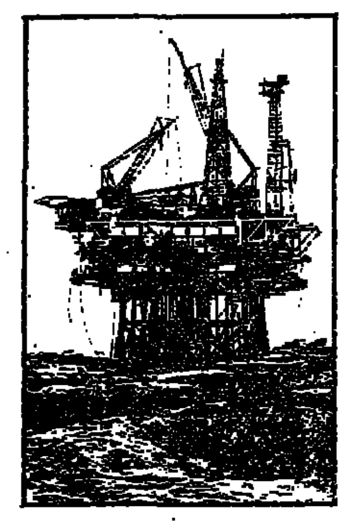
BP is aiming to produce a development plan to tap these peripheral reserves by the middle of next year. Most probably the scheme will involve the installation of seabed production units either directly linked to the existing four steel platforms or a new floating platform.

At the same time, BP is investigating a number of enhanced recovery techniques that might be applied in Forties to improve recovery even further. As it stands, by using conventional production methods BP expects to recover 2bn of the 4.6bn barrels of oil in the Forties reservoir, a recovery rate of 43.5 per cent, well above the worldwide average.

BP said yesterday that while it had taken no decision about the application of enhanced recovery techniques in Forties, it was applying for patents.

Of course, BP is not alone. Most North Sea operators are looking at ways of squeezing more oil out of their fields. (British Gas is carrying out similar studies for its sizeable onshore Wytch Farm Field in Dorset.

Many of the major companies —Shell, Exxon, Chevron, Mobil, Gulf and Amoco, for instance — are already retrieving appreciable quantities of oil elsewhere in the world (the U.S. in particular) by injecting into



reservoirs steam, gas or chemicals. Such processes can alter the characteristics of the trapped oil and improve the overall recovery.

Following a review of published data I estimate enhanced recovery techniques now account for over 900,000 barrels a day of oil produced in the non-communist world. This level is equal to almost 2 per cent of non-communist oil output last year and is approaching the daily output of Algeria.

Dr. John Fayers, head of the oil recovery projects division at Winfrith, points out that on average North Sea operators are likely to recover only 40 per cent of the available oil using conventional production techniques. The amount of oil which could be left in partly-depleted reservoirs on the UK Continental Shelf might be between 2.1bn and 3.9bn tonnes (15.4bn-28.6bn barrels). If successful enhanced recovery processes could yield only 10 per cent of that residual oil, Britain's period of self-sufficiency could be extended for several years.

But, as Dr. Fayers and two colleagues stressed in a paper* at the European Offshore Petroleum Conference in London a few months ago, reservoir conditions in the North Sea are far different from those in North America where most of the enhanced recovery work has been undertaken so far.

The temperature of oil lying in North Sea fields is generally much higher than in the U.S., for example. The water that seeps into reservoirs is more saline. These and other conditions can change or ruin the effectiveness of injected enhanced recovery agents. A further problem arises from the wide well spacing adopted in the North Sea; this lessens the ability of a field operator to fine-tune recovery systems. Furthermore, much of the American research has concentrated on the thermal methods (the injection of steam and in-situ combustion) suitable for extracting much heavier, thicker oils than those generally found in the North Sea.

Consequently, much of the research in the UK—at Winfrith, in company laboratories, in the National Physical Laboratory and in a number of university research centres—is geared towards the evaluation of processes more applicable to lighter oils. These include the injection of either carbon dioxide, or surfactants which would help to wash the oil from the pores of the reservoir rock.

Each would be a costly business, requiring a great deal of raw materials. In their petroleum conference paper, the Winfrith team reported on a simulated surfactant project which resulted in 840,000 tonnes of additional oil being recovered over a 10-year period from the injection of 11,000 tonnes of chemicals.

An evaluation of carbon dioxide injection projects was based on the assumption that it would take 3.5 tonnes of CO_2 to chase out every additional tonne of oil.

If such an operation was adopted in just half of the Forties Field, some 35m tonnes of CO_2 would have to be injected annually for three years (together with equal volumes of water) to recover about 30m tonnes of additional oil over a six-year time-span.

Such schemes present major logistical problems, quite apart from the fundamental question of whether or not the processes will work. In order to secure enough CO_2 for field-wide applications oil companies would have to exploit natural reserves of the gas (and these are limited in the UK) or collect CO_2 from industrial sites, power stations, cement works or substitute natural gas plants. Dr. Fayers has identified three coal-fired power stations in the Firth of Forth which might provide sufficient CO_2 to meet the requirements of the suggested Forties Field operation.

Companies will also have to find ways of producing large quantities of tailor-made surfactants at a much lower cost than has been achieved so far.

A further problem will arise when operators have to find room on their cramped offshore platforms for the storage and injection equipment needed in such enhanced recovery processes.

But they are problems that will have to be faced by oil companies and platform builders alike. The Department of Energy, in last month's report "Offshore Research Focus" said that companies should consider the possibility of employing enhanced recovery methods when they are preparing their field development plans.

Pointing out that even a 1 per cent increase in overall production could eventually yield oil worth £3bn at present prices, the Department stated: "As North Sea oil is of such a strategic and economic importance to the UK, it is essential that production is optimised."

* "*Some Aspects of the Potential Application of EOR Processes in North Sea Reservoirs:*" *by John Fayers, Robert Haires and John Mathews. UKAEA: European Offshore Petroleum Conference, London, October 21-24, 1980.*

UK. NORTH SEA OIL PRODUCTION

(Crude oil and natural gas liquids)

PRODUCING FIELDS	Start of productions	Recoverable reserves (m barrels)	Production rate Dec. 1979-Nov. 1980 ('000 b/d)	Peak production rate ('000 b/d)
Argyll	June 1975	36-50	16	23 (1976)
Auk	Feb. 1976	55-60	13	48 (1977)
Beryl 'A'	June 1976	485-575	109	100-110 (1980)
Brent	Nov. 1976	2,000-2,200	133	460-520 (1984)
Claymore	Nov. 1977	405	87	90 (1981)
Cormorant South	Dec. 1979	90-155	20	60 (1982)
Dunlin	Aug. 1978	305-330	106	115-120 (1979)
Forties	Nov. 1975	2,000	504	520 (1980)
Heather	Oct. 1978	98-115	14	30-35 (1982)
Montrose	June 1976	90-105	24	28 (1979)
Murchison (UK)	Sept. 1980	315-335	5	125 (1983)
Ninian	Dec. 1978	1,100-1,200	225	325-335 (1982)
Piper	Dec. 1976	618-640	220	275 (1979)
Statfjord (UK)	Dec. 1979	480-635	10	90-100 (1990)
Tartan	Jan. 1981	240-300	—	90 (1982)
Thistle	Mar. 1978	500	108	150-180 (1982)
TOTAL		8,817-9,605	1,594	N/A*
FIELDS UNDER DEVELOPMENT				
Beatrice	1981	160		68-80 (1982)
Beryl 'B'	1983	300-425		85 (1985)
Brae (South)	1983	300		112 (1984)
Buchan	Spring 1981	50†		45-50 (1981)
Cormorant North	1982/83	400-420		150-180 (1986)
Fulmar	1982	500-540		180 (1984)
Hutton	1984	250		85-90 (1985)
Hutton NW	1983	280-305		100-105 (1984)
Magnus	1983	480		120-130 (1985)
Maureen	1983/84	150		70-75 (1984)
TOTAL		2,870-3,080		N/A*

NOTES: * Not applicable (fields will reach peak production at different times). † Provisional estimate.

Source. Dept. of Energy; Wood, Mackenzie Hoare Govett.

CONTRACTS

Power and heat for research

A total energy scheme worth some £1.25m is being installed by **ENERGY EQUIPMENT** at the Shell Research Centre, Sittingbourne. In addition to producing electrical power for the site either separately or in parallel with the National Grid, the plant will also supply steam for process purposes, and for space heating. The whole project has been designed to work with existing power-generation plant and can be extended should the need arise.

*

An order worth £170,000 has been placed by Esso Chemical for a 1,000 gallon capacity mastication plant with **BEKEN ENGINEERING**, Barking. The plant, to be installed at Fawley, is based on Beken's Duplex batch mixer design, and will be jacketed for steam heating and cooling. The mixer incorporates two sets of contra-rotating, intermeshing rotors driven at different speeds.

*

LEO REFINERY FITTINGS AND SUPPLIES, *Chapel Hill, Braintree* (a member of the Lake and Elliott Group), has been awarded an exclusive contract by Shell UK Materials Services to supply screwed and socket weld forged steel fittings for use in the maintenance of Shell's four main UK manufacturing plants at Shellhaven, Teesport, Stanlow and Carrington.

*

ARBAT (UK) has received an order for an INTELEX-11 message switching system worth over £250,000 from C. T. Bowring. It will provide a store and forward message switching system with automatic answer and dial-up facilities for the transmission of telex messages. Based on twin DEC PDP-11 processors, the the system will initially support 24 telex lines handling up to 3,000 messages per day.

*

SIMPLEX'S detection and control systems division has been awarded three contracts, total value about £90,000, for the supply and installation of a fire alarm system, together with ancilliary fire detection equipment, for British Leyland's Rover Cars plant in Solihull, Warwickshire.

Customs relax bond rules

TRADERS who want to take imported goods to an approved place for customs clearance can offer an undertaking instead of a formal bond as security, before the goods are released from Customs control at the port for clearance inland.

The revised system will help to relieve the financial commitment which the formal bond system requires of many traders.

INTERNATIONAL COMPANIES and FINANCE

Optimism wanes for bulldog bonds

BY PETER MONTAGNON, EUROMARKET CORRESPONDENT

THE £15m bulldog bond for Iceland launched this week marks a further small step in the development of a bond market in the City for non-sterling area borrowers.

But it is still a far cry from the sort of market heralded last summer when Denmark re-opened this sector with a £75m, 25-year issue. Then the argument ran that the British Government *would soon be* receiving such high tax revenues from North Sea oil that its borrowing requirement would decline substantially.

At the same time the current account of the balance of payments would be in surplus generating a need to export capital. It would therefore be natural for institutions accumulating large amounts of surplus cash to seek to invest the funds in issues floated in London by foreign borrowers.

Now the optimism has waned somewhat. While no one disputes *the longer term potential* of the market, most bankers believe that the most that is likely to happen as 1981 wears on will be a steady flow of perhaps two issues a month amounting to a total of about £100m.

This amount would be the highest available in any orderly market for such issues, although it is understood that, despite some rumours to the contrary, the Bank of England has not imposed any formal ceiling on new issue activity.

Even attaining this level, however, *is now seen* as a best-case scenario and it is quite possible that the actual new issue volume will turn out lower. Both potential *borrowers* and investors face some significant constraints in today's markets.

For the borrowers the problem is simply that of continuing high UK interest rates. The bulldog market does offer the possibility of raising 35-year money which is extremely hard to find elsewhere, but the price to be paid involves a substantial premium over comparable yields in the gilts market.

The prospects for further expansion of the market for sterling bonds by foreign borrowers appears to be limited at present, notwithstanding this week's issue by Iceland. A major factor may be the lower cash flows at major UK institutions, partly because declining employment levels in Britain have meant lower inflows into pension schemes.

The premium demanded by investors varies from case to case, but at the top end of the scale it might be as high as 150 basis points. This would reflect the low liquidity of issues likely to be floated in the bulldog market, the fact that, unlike gilts, they are subject to capital gains tax and, finally, the consideration that the borrower represents non-UK risk.

Other institutions, which are less concerned with the marketability of a given issue, might insist on a lower premium over *gilt-edged stock, but even they* would probably not buy bonds yielding less than 75 points over gilts.

The price a borrower has to pay in this market is therefore high. In due course UK interest rates could come down or borrowers might come to accept high rates in a currency which, on a basis of purchasing power parity, does have a substantial potential for depreciation.

Then borrowing interest might return, but if this happens, *there is still a possibility* that the institutions might lack the cash to buy the bonds.

The economic recession in the UK makes it much harder for the Government to reduce its borrowing requirement because of higher outlays on unemployment and other forms of social security benefit.

Institutional investors, meanwhile, face a contraction in their cash-flow growth, partly because declining employment means lower inflows into pen*sion fund accounts.*

Brokers Fielding, Newson-Smith, for example, estimates that total cash inflow of insurance companies and pension funds will reach only £9.75bn ($23.5bn) in fiscal 1981-82 after £10.5bn in fiscal 1980-81. Philips and Drew are forecasting a higher cash-flow, but the estimate is almost £1bn less than the amount institutions would have to invest simply to keep up their established share of new UK capital market issues.

This seems to imply that the scope for expanding new issue volume in the bulldog market this year is rather limited.

What would benefit the market enormously, however, is an issue by an absolutely top ranking name such as Gaz de France which is waiting in the wings until market conditions improve.

Neither Denmark nor Iceland would qualify as such a name. Iceland has an inflation rate exceeding 50 per cent, while Denmark is a borrower which places heavy demands on international capital markets.

Indeed the fate of its issue in the aftermarket has itself been something of a stumbling block for the development of new issue volume. Initially priced at a premium of about 67 points of the yield on gilt-edged stock maturing in 2003-05, the bonds have settled down at a premium of about 90 points and secondary market trading in the issue has been limited.

A wider range of borrowers would certainly enhance the market if only by introducing a pricing variation between the *differing degree of risks* involved.

Bankers report that there is a fairly wide range of interested borrowers, but at this stage of the market's development the most suitable names are sovereign, and perhaps municipal ones from the industrialised world.

These borrowers do represent a fairly solid risk and *also have* a natural interest in obtaining long-term money. Corporations on the whole do not need money at longer than 15-year term, and for them the Eurosterling market with its shorter maturities would offer a more logical opportunity to raise funds.

The only exception to this rule *might* be foreign oil corporations with long-term revenue expectations from the North Sea, but even if such companies did seek to raise funds in this way there is some *doubt as to whether the institutional response would be* favourable.

One bank reported that its institutional clients would be unwilling to subscribe to a bond issue by a foreign corporation for fear of crowding out potential borrowers in the UK corporate sector.

The UK debenture market has been virtually closed to domestic corporations for a decade, but if British business did decide to return, there seems little doubt that the banks and the authorities together *would prevent it being crowded* out even by the most prestigious of foreign names.

Bank of Montreal to pull out of venture

By Peter Montagnon, Euromarkets Correspondent

THE BANK of Montreal is to pull out of the Luxembourg-based Arab International Trust, the holding company for International Resources *and Finance* Bank (IRFB) which recently withdrew its application for a deposit-taking licence from the Bank of England.

The Canadian bank is to absorb the commercial *banking* assets and liabilities of IRFB.

A statement issued jointly by Arab International and Bank of Montreal said the Canadian bank felt that a reorganisation planned by the Arab International group would duplicate many activities it already undertakes. *Accordingly*, the Montreal bank was to surrender its 30 per cent stake in the Luxembourg concern.

However, the Bank of Montreal has offered to assist other shareholders in carrying out the transition to new structures of ownership and management. These other shareholders include several Arab rulers and businessmen.

Bank of Montreal is to take on the commercial banking assets and liabilities of International Resources and Finance Bank, the personnel, organisational assets and related obligations will be assumed by the Arab International group.

The remaining shareholders in this group intend to pursue incorporation of a new UK entity as a successor to International Resources and Finance Bank in order to achieve an enhanced participation in world financial markets.

Unaudited figures for the year ended December 31 show that International Resources and *Finance Bank had total* assets of US$ 265m including fiduciary accounts of $86m.

Final period boost for Bankers Trust

BY DAVID LASCELLES IN NEW YORK

BANKERS TRUST of New York, the eighth largest bank in the U.S., increased earnings by 36 per cent in the final quarter of last year, from $30.1m, or $2.46 a share, to $40.8m, or $3.04. This excludes a $16.6m gain on the sale of 39 branches. Bankers Trust is in the process of withdrawing *from* the retail banking business.

As with Morgan Guaranty and First National Bank of Boston, Bankers Trust made *part of the earnings gain* by buying back some of its bonds from the market at well below their face value. But the improvement also came from net interest income, foreign exchange trading and fees and commissions. However, Bankers Trust increased its net charge-offs from $6.5m to $29.8m, primarily because of two large loans which it did not identify.

For the full year profits were 58 per cent higher at $180.9m, or up from $9.37 a share to $14.44.

J. P. Morgan, parent of Morgan Guaranty Trust, said fourth quarter income was up 26 per cent to $92.1m or $2.25 a share from $73.2m ($1.79) a year earlier. But this was nearly 11 per cent down from earnings in the *third* quarter. As a result, earnings for the full year were $367.7m ($8.96), up 27.5 per cent on the $288.3m of 1979.

J. P. Morgan said that the 1980 fourth quarter included a $14.4m non-recurring gain, mainly from the sale of a building in London. Without it, the bank's earnings would have been up only about 6 per cent.

Marine Midland, the large upstate New York bank controlled by Hongkong and Shanghai Bank, had profits for the year of $58.4m ($3.62) up 34 per cent from 1979s $42.8m ($3.41). The per share comparisons were distorted by the takeover by Hongkong Bank which increased the shares outstanding by nearly 4m.

Irving Bank of New York reported a small gain in earnings from $19.5m, or $2.21 a share, to $21.1m, or $2.40. Earnings for the full year were $85.8m, or $9.75 a share, up from $69m, or $7.84.

Hiram Walker in major U.S oil and gas deal

BY ROBERT GIBBENS IN MONTREAL

HIRAM WALKER Consumers-Home, the company formed from the merger of Canada's second largest distilling group and two major Canadian oil and gas producing and distribution companies, is buying into U.S. oil and gas production in a deal worth $600m.

The company, to be known as Hiram Walker Resources from February 4, said last autumn that it planned to spend upwards of U.S.$1bn to buy U.S. oil and gas interests and had narrowed the choice to two or *three companies.*

It was not interested in refining or marketing, only in *production and reserves.* One aim is to shelter from taxes some of the company's U.S. distilling income. Distilling at that point accounted for about 60 per cent of consolidated profits.

The first acquisitions are producing and non-producing oil and gas properties in Wyoming, Oklahoma, Louisiana and Texas owned by Davis Oil Company and affiliates of Denver for U.S.$600m. The production is equivalent to about 8,000 barrels of oil a day.

Davis Oil will retain some *acreage as well as production* and will continue in the oil and gas field.

Two dollar denominated convertibles launched

BY FRANCIS GHILES

TWO DOLLAR denominated convertible issues were launched last night, one for the oil exploration and refining company Crystal Oil, the other for the largest Japanese shipping company, Nippon Yusan.

Crystal Oil, which is based in Louisiana, is raising $35m for 15 years with an indicated coupon of 8½ per cent and a premium expected to be about *15 per cent through its offshore* financing subsidiary Crystaloil International Finance NV.

Lead manager is Smith Barney and bond holders will have the option to convert on or before January 15, 1982, at the same closing price as when the issue is priced. This enables them to avoid paying the conversion premium.

Nippon Yusan is raising $50m for 15 years with an indicated coupon of 7¾ per cent and a conversion premium expected to be 5 to 6 per cent. Yamaichi Securities is lead manager and bond holders will have the option, after five years, of redeeming the bonds at 115.

Fixed interest rate dollar *bonds were unchanged* yesterday.

The German Capital Markets Sub-Committee agreed that no new fixed rate D-Mark bonds would be issued during the next four weeks. This decision was reached despite the fact that a number of banks had borrowers which they would have liked to come to the market but the Bundesbank, which has observer status on the committee, was explicit in its desire to see no bonds, even for supranational borrowers, arranged for the time being, with the possible exception of one or two convertibles.

D-Mark foreign bonds and Swiss franc bonds slipped by ¼ of a point yesterday.

The next French franc bond, FFr 400m for six years for Oesterreichische Kontollbank is expected to be launched today through Paribas. The coupon is expected to be 14 per cent and initial pre-market prices *suggested strong demand.*

Meanwhile Gaz de France is arranging a European Unit of Account 25m five-year issue carrying an indicated coupon of 9¾ per cent through a group of banks led by Banque Bruxelles Lambert and BNP.

The United Mexican States filed yesterday with the Securities and Exchange Commission for an offering of up to $500m in the New York bond market. This is what bond dealers call a "shelf registration," which means that bonds will be offered from *time to time.* Lead manager is Morgan Stanley and these bonds will each have a warrant attached allowing investors to purchase an *identical bond. If all purchasers* of the $250m worth of bonds to be issued at unspecified dates exercise their option, the total amount of paper would amount to $500m.

Great Western hit by high interest rates

By Our New York Correspondent

THE SQUEEZE on U.S. savings and loans institutions created by record high interest rates was exemplified yesterday when Great Western Financial, the large Californian thrift company, number three in the U.S., reported that earnings had been halved in the final quarter of last year.

Net income was $12.2m or 54 cents down from $23.7m or $1.06 in the same period the year before. For the full year, Great Western earned $39.2m or $1.74, sharply down on the $93.1m or $1.06 of 1979.

Mr. James Montgomery, presi*dent, blamed the drop on record* interest expense and sharply reduced loan demand. Loan originations last year were only $900m, compared to $2.16bn.

The potential for improved earnings exists if interest rates go down, the institution said, but it warned that high interest rates will continue to affect operating results this year.

Almost all the group's earnings come from its 115 branch network of savings and loan offices in California, although it does also engage in mortgage loans, banking and consumer finance.

Lower earnings in 1980 were widely expected in the industry, but long-term prospects *are still regarded as highly* favourable. Recently, the group paid $230.7m for Financial Federation, parent of 11 Californian savings and loan companies.

Burlington Industries ahead in first quarter

BY OUR FINANCIAL STAFF

BURLINGTON INDUSTRIES, the largest U.S. manufacturer of textile products, has turned in *net earnings of $17.4m, or 62* cents a share, for the first quarter of this year, compared with $15.4m, or 55 cents in the comparable period.

But this year's total includes a gain of 10 cents a share on foreign currency translation against a loss of 14 cents last time from similar sources. Moreover, the latest quarter is boosted by 4 cents a share from a new method of depreciation accounting.

First quarter sales improved from $689.8m to $728.4m. In *fiscal 1979-80, Burlington, which* is strongly positioned in the domestic market for carpets and home products as well as in clothing, earned $2.90 a share on total sales of $2.9bn.

For this year, improved earnings have been predicted by analysts on Wall Street, who expect sales to show a better trend as the textile recession bottoms out.

Overseas operations accounted for 13 per cent of sales last year, *but turned in an operating loss* of $5.8m. Problems were encountered as a result of the tightening recession in Europe.

Last year, the group took a loss of $18.6m on the disposal of European businesses and despite the hope of increased earnings this year, the board has warned that much depends on the course of the expected economic recovery in the U.S.

Profit margins, it said, would be affected by changes in consumer demand but a substantial capital investment pro*gramme and a change in the* company's product mix should help to enlarge the earnings base.

About 40 per cent of earnings traditionally come from the clothing businesses, with a similar amount originating from home product sales and about 12 per cent from industrial sales.

Sweden halves tax for Beijerinvest shareholders

BY WILLIAM DULLFORCE IN STOCKHOLM

THE SWEDISH Government decided yesterday to reduce by half the capital gains tax payable by Beijerinvest shareholders who accept the offer of SKr 230 a share from Volvo. The two companies asked the Government to use its power to excuse shareholders entirely from capital gains tax, when they announced Volvo's *SKr 1.7bn ($400m) takeover bid* for Beijerinvest last November.

The Government's compromise was announced after the Stockholm stock exchange had closed yesterday but the reaction from Mr. Haakon Gergils, chairman of the Swedish small shareholders association, was favourable, suggesting that Volvo *will obtain the 90 per* cent of the Beijerinvest stock *it is seeking.*

Mr. Gergils led the shareholders campaign which in 1978 defeated Volvo's attempt to sell 40 per cent of its stock to Norway. He said yesterday that Volvo's offer of SKr 230 a share for Beijerinvest was a good one and the tax concession should be acceptable to shareholders.

The concession covers only those who have held their shares for two years or more and who would have to pay 40 per cent tax on their capital gain.

Tax legislation allows the Government to excuse shareholders from this tax in cases where it could "prevent structure rationalisation which is *desirable in the public interest.*"

AMERICAN QUARTERLIES

CHAMPION INTERNATIONAL

	1980 $	1979 $
Fourth quarter		
Revenue	961.2m	919.7m
Net profits	55.3m	42.9m
Net per share	0.95	0.78
Year		
Revenue	3.75bn	3.73bn
Net profits	162.4m	247.1m
Net per share	[illegible]	4.70m

COLT INDS

	1980 $	1979 $
Fourth quarter		
Revenue	556.7m	538.1m
Net profits	27.01m	26.82m
Net per share	2.02	2.04
Year		
Revenue	2.17bn	2.14bn
Net profits	97.75m	111.28m
Net per share	7.16	8.40

FIRST CITY BANCORP TEXAS

	1980 $	1979 $
Fourth quarter		
Net profits	25.95m	18.38m
Net per share	1.80	1.41
Year		
Net profits	89.05m	68.01m
Net per share	6.61	5.04

GREAT WESTERN FINANCIAL

	1980 $	1979 $
Fourth quarter		
Revenue	[illegible]	337.4m
Net profits	12.2m	23.7m
Net per share	0.54	1.06
Year		
Revenue	1.74	4.15
Net profits	39.2m	93.1m
Net per share	1.74	4.15

INTERNATIONAL MINERALS

	1980 $	1979 $
Second quarter		
Revenue	514.6m	443.5m
Net profits	46.3m	39.3m
Net per share	1.73	1.44

MARLEY CO.

	1980 $	1979 $
Fourth quarter		
Revenue	147.7m	64.5m
Net profits	2.65m	5.57m
Net per share	1.35	1.10
Year		
Revenue	485.6m	301m
Net profits	30.9m	17.97m
Net per share	3.52	3.54

MEREDITH CORP.

	1980-81 $	1979-80 $
Second quarter		
Revenue	120.6m	88.4m
Net profits	8.15m	6.47m
Net per share	2.60	2.08
Year		
Revenue	194.6m	170.8m
Net profits	14.4m	11m
Net per share	4.58	3.53

REDMAN INDS.

	1980-81 $	1979-80 $
Third quarter		
Revenue	64.7m	70.1m
Net profits	2.38m	3.22m
Net per share	.25	.34
Nine months		
Revenue	180.6m	216.4m
Net profits	5.02m	10.5m
Net per share	0.53	1.12

REEVES BROS.

	1980-81 $	1979-80 $
Second quarter		
Revenue	92.9m	82.3m
Net profits	4.79m	4.28m
Net per share	2.01	1.72
Six months		
Revenue	173.5m	163.1m
Net profits	8.47m	8.35m
Net per share	3.56	3.33

SHEARSON LOEB RHOADES

	1980-81 $	1979-80 $
Second quarter		
Revenue	257.7m	146.9m
Net profits	29m	11.9m
Net per share	2.00	1.07
Six months		
Revenue	466.7m	257.6m
Net profits	52.8m	20.9m
Net per share	3.57	1.91

TEXAS OIL AND GAS

	1980-81 $	1979-80 $
First quarter		
Revenue	344.1m	267.7m
Net profits	40.37m	29.26m
Net per share	0.42	0.31

WALT DISNEY

	1980-81 $	1979-80 $
First quarter		
Revenue	200.5m	185.5m
Net profits	25.85m	25.65m
Net per share	0.80	0.79

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market *exists. For further details of these or other bonds see the complete list of European prices which* will be published next on Thursday, February 12. Closing prices on January 15

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CECA 11½ 88	100	91¼	91¾	−0⅛	−1⅛	13.36
CFE 13 87	75	†90¾	91½	+0⅜	+1	15.14
Citicorp O/S Fin. 10 86	300	87⅛	87⅝	−0⅛	−0⅛	13.29
Citicorp O/S Fin. 12 87	200	93⅞	94¼	−0⅛	−1	13.37
Con. Illinois O/S 9¾ 86	150	85⅝	86⅛	−0⅛	−0⅜	13.53
Denmark 11¾ 90	100	89⅛	89¾	+0⅛	−0⅛	13.78
Dome Petroleum 13½ 92	50	96⅞	97⅜	−0⅛	−1⅞	13.99
EEC 11 95 (May)	75	84⅞	85⅜	0	−0⅛	13.36
EEC 11 95 (August)	70	83⅝	84⅛	−0⅛	−0⅝	13.57
EIB 13⅛ 90	100	99	99½	−0¼	−0⅝	13.86
Eksportfinans 9½ 87	75	84⅛	84⅝	0	−0⅛	13.16
Elec. de France 10 88	125	84⅛	84⅝	0	−0⅛	13.38
Export Dv. Cpn. 12¾ 87	100	96⅝	97⅛	−0⅛	−0⅜	13.47
Export Dv. Cpn. 9½ 86	150	85¾	86¼	−0⅛	−0⅞	13.53
Fed. Dev. Bank 12¾ 85	75	95⅞	96⅜	0	+0⅛	13.43
Fin. Exp. Credit 10½ 85	50	88	88½	0	−2	14.18
Finland, Rep. of. 9½ 86	100	83⅝	84⅛	0	−1	14.07
Ford Credit O/S 14⅝ 83	150	98¾	99¼	−0¼	+0⅛	15.03
Ford O/S Fin. 12⅝ 85	250	90	90½	0	+0⅛	15.83
GMAC O/S Fin. 13⅛ 85	100	97⅞	98¼	−0⅛	−0⅛	13.98
GMAC O/S Fin. 12 87	100	92	92½	0	−0⅜	13.81
Gen. Mtrs. O/S 11⅜ 87	100	91⅜	91⅞	+0⅛	−0⅛	13.70
Goodyear O/S 12½ 87	75	95½	96	−0⅛	−0½	13.49
Hudson's Bay 11½ 90	75	89⅛	89⅝	−0⅛	−1⅜	13.63
IBM Canada 10½ 85	50	94	94½	+0⅛	+1¼	12.20
Int. Harvester 12¾ 85	115	94⅜	94⅞	0	+0⅛	14.37
J. C. Penney Int. 12½ 86	100	95⅞	96⅜	+0⅜	−1⅛	13.40
McGraw 13½ 85	75	†97	97½	0	+2½	13.34
NorWest Ind. 13⅝ 87	50	†96	96¼	0	−0½	14.49
Nova Scotia 10⅝ 90	50	86⅛	86⅝	+0⅛	−0⅝	13.33
OKB 10 85	50	89¼	89¾	0	−0⅛	13.23
Pemex 11½ 88	100	85⅜	86⅛	0	−0⅝	14.66
Quebec Hydro 11½ 92	100	87⅞	88⅜	−0⅛	−0⅛	13.57
Repsteel O/S 11½ 88	100	83⅛	83⅝	+0⅛	−0⅛	15.28
Roylease 11⅛ 85	50	91¾	92¼	−0⅛	−0⅜	13.73
SNCF 12⅛ 85	50	96½	97	−0⅛	0	13.36
Sweden 12½ 85	150	95¾	96¼	0	−0⅛	13.53
Swed. Ex. Cred. 12½ 85	40	95½	96	0	−0¼	13.82
Swed. Ex. Credit 12 83	50	95	95½	+0⅛	−0⅞	14.15
Transamerica 12⅝ 83	50	95⅜	95⅞	−0⅛	+0⅜	14.34
Unilever NV 9¾ 90	100	82½	83	−0¼	−0⅝	12.98
World Bank 9⅛ 85	200	88	88½	0	−0⅜	13.40
World Bank 10⅛ 87	300	86⅞	87⅛	−0⅛	−0½	13.35
SOFTE 8¼ 89 EUA	40	87¼	88½	0	+0⅛	10.51
U. Bk. Nrwy 9½ 90 EUA	18	99	100¼	0	+0⅛	9.55
Bk. Mees & H. 10 85 Fl	75	101½	101⅞	+0½	0	9.51
F. G. Hypo 9¾ 87 Fl	60	93⅞	94⅛	+0½	−0½	11.08
Heineken NV 10 87 Fl	100	97⅛	97⅝	−0⅛	−0⅛	10.49
Nat. Inv. Bk. 10 87 Fl	75	97⅛	97¾	−0⅛	−0⅛	10.52
Nat. Neder. 9½ 87 Fl	60	94¼	95¼	0	−0¼	10.57
Ned. Midd. Bk. 10 85 Fl	75	101	101½	0	−0¼	9.63
Aero Paris 13½ 87 FFr	150	96⅝	97⅝	0	0	13.77
Charb'nages 13⅞ 85 FFr	400	99½	100½	+0⅛	0	13.86
CECA 14⅜ 86 FFr	150	100⅝	101⅛	+0½	+0⅛	13.89
EIB 14⅛ 88 FFr	300	99	100	−0½	−0¼	14.24
Finland 11 84 FFr	80	90⅝	91⅛	+0⅛	−0⅛	14.16
Gaz de France 11 84 FFr	150	91½	92½	+0⅛	+0¼	13.81
La Redoute 14⅛ 85 FFr	125	96⅞	97⅞	−0¼	−0⅛	15.15
Renault 9⅝ 85 FFr	100	84⅛	85¼	0	−0⅛	14.57
Utd Mex Sts 14 85 FFr	150	98⅝	99⅝	+0⅛	−0⅛	14.21
Acona 14 85 £	20	94¾	95½	0	−1	15.45
Beneficial Fin. 14½ 90 £	20	93¾	94½	0	−0⅝	15.43
Beneficial Fin. 14⅝ 90 £	20	93⅞	94⅝	+0½	−0½	15.40
BNP 13¾ 91 £	15	95½	96¼	−0¼	−0½	14.30
CECA 13½ 88 £	20	95½	96	−0½	−1	14.42
Citicorp O/S 13½ 90 £	50	96½	98¼	+0⅛	−0½	14.33
Fin. for Ind. 14½ 88 £	20	95½	96¼	+0⅛	+0⅛	14.39
Fin. for Ind. 13¾ 87 £	20	96⅝	97½	0	−0½	14.40
Gen. Elec. Co. 12½ 89 £	50	93¼	94	−0⅛	−0½	13.83
Peugeot SA 14 90 £	23	93⅞	94½	−0¼	−0½	15.13
Rothschild 14½ 90 £	12	96½	97¼	0	−0⅜	14.83
Swed. Ex. Cr. 15½ 85 £	20	102	102½	−0¼	−0¼	14.40
Banobras 8½ 90 KD	7	†87¼	87⅝	0	+0⅛	10.45
CCCE 8½ 91 KD	10	†81½	82	0	0	11.21
Sonatrach 8½ 90 KD	12	†89¼	88⅞	0	+0⅛	10.52
Akzo 9¼ 87 LuxFr	500	88⅞	89⅞	0	0	11.53
Euratom 9⅞ 88 LuxFr	500	93¾	94¼	−0⅛	+0⅛	11.00
Eurofima 10½ 87 LuxFr	500	98½	99½	+0½	+0⅛	10.69
EIB 9¾ 88 LuxFr	600	95⅝	96⅝	+0⅛	+0⅛	10.59
Volvo 9¾ 87 LuxFr	500	90½	91½	+0⅛	+0⅛	11.72

Average price changes... On day 0 on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8½ 90	100	93½	94	−0⅛	0	9.37
Australia 8⅛ 90	250	97	97½	−0¼	+0⅝	8.54
Austria, Rep. of 8¼ 92	150	93⅛	94⅛	0	0	9.13
BFCE 8¼ 95	100	92½	93¼	−0¼	+0½	9.04
CECA 7⅞ 92	150	92	92½	−0½	−0⅜	8.96
Cll-Honeywell 8⅝ 90	125	94⅞	95⅜	+0⅛	+0¼	9.13
Denmark 8¼ 92	100	95	95½	+0⅛	+0¼	8.92
EIB 8½ 90	200	96⅛	96⅞	−0⅛	−0⅛	9.04
ESCOM 9⅛ 87	100	91⅛	98⅛	0	0	9.70
Iberduero SA 9 90	100	98⅛	99	−0½	+0⅛	9.21
Ind. Bk. Finland 8½ 90	50	94	94¾	0	0	9.39
Japan Air Lines 8⅛ 87	100	96	96½	−0⅛	+0⅛	8.87
Japan Dev. Bk. 7⅞ 87	100	92⅞	93⅜	+0⅛	+0⅛	9.03
Kobe, City of 8 90	100	93⅞	94⅝	0	−0⅛	8.91
Midland Int. Fin. 8½ 90	180	96⅛	96⅝	−0⅛	0	9.08
Norway 7½ 85	250	97¼	98	+0⅛	0	8.22
Nuclebras 9¾ 88	100	91½	92¼	−0⅛	−0⅛	11.37
OKB 8⅛ 92	150	93	93¾	0	+0⅛	9.20
Oslo, City of 8¼ 90	30	99⅝	100⅛	+0⅛	0	8.74
Venezuela, R. of 9¼ 90	150	97½	98	−0⅛	+0¼	10.11
World Bank 8 90	700	93	93⅝	0	+0⅛	9.05
World Bank 10 86	150	105⅝	106⅝	−0⅞	−0⅝	8.52
World Bank 10 90	200	105⅝	106⅝	−1½	−3½	9.01

Average price changes... On day −0⅛ on week −0⅝

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5½ 90	100	97¼	97½	−0⅛	−2½	5.73
Bayer Int. Fin. 5¼ 92	100	99⅞	100⅜	+0⅛	−0¼	5.25
Bergen, City of 6 90	50	101	101½	0	−1¼	5.84
Buhrm'n-Tetterode 7 90	40	104⅞	105⅛	−0¼	+0½	6.27
Copenhagen Tele. 5¾ 90	60	95¼	95½	−0⅛	−0¼	6.40
Denmark 5½ 90	80	96⅞	97⅛	+0¼	0	6.17
EIB 4½ 94	100	86	86¼	−0⅛	−0¼	5.88
Elet. de France 5¼ 90	100	98½	98¾	−0⅛	−0⅛	5.43
Eurofima 5¼ 92	80	†101	102	−0¼	0	5.57
F. G. H. Hypo. Bk. 6 90	50	†102½	102⅞	+0¼	+0⅛	5.65
Finland, Rep. of 5⅝ 90	80	93⅛	94	0	−0¼	6.50
GZB 4½ 89	100	87¼	88¼	+0⅛	−0⅛	6.05
Int.-Amer. Dev. 7 90	80	104⅝	104⅞	−0½	−0⅝	6.30
Japan Dev. Bk. 5¾ 90	100	102	102½	0	−0¼	5.46
Jutland Tele. 5½ 90	50	95½	96	−0¼	0	6.12
Mt. Blanc Tunnel 5½ 90	60	97½	98	−0⅛	−1	5.79
Neweg 5¾ 90	80	100⅛	100⅜	0	−0⅛	5.71
Nippon Tel. & T. 4¾ 89	100	93⅝	93⅞	+0⅛	−0⅛	5.16
Norges Komm. 4⅞ 91	100	87⅛	87½	−0⅛	+0⅛	6.00
OKB 4⅞ 91	100	89½	89¾	+0¼	−0⅛	5.69
OKB 6 90	100	101⅛	102	−0⅛	+0⅛	5.73
Oslo, City of 4⅞ 91	100	86⅛	86⅝	+0⅛	+0⅛	6.12
Oslo, City of 5⅞ 90	80	†100½	101	−0⅛	−0½	5.77
Philips Lamps 5¼ 92	100	96½	96¾	−0¼	+0⅛	5.65
Sekisui Pre. Hms. 6 90	80	101½	101¾	−0⅛	−0½	5.77
Shikoku-El. Pwr. 4¾ 89	100	93	93½	+0⅛	+1½	5.76
Trade Dev. Fin. 6⅛ 90	50	95	95¼	0	−1	6.82
Voest-Alpine 5¾ 90	80	98⅞	99⅛	−0⅛	0	5.88

Average price changes... On day −0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91¾	92¾	0	+0⅛	8.88
Australia 6½ 88	20	87¾	89	+0⅛	+1⅛	8.74
EIB 7⅛ 89	12	92½	93½	+0⅛	+0⅛	8.93
Finland 5.6 83	10	90⅝	91⅝	0	+0½	9.31
Finland 6.8 88	10	86¾	87¾	0	+0⅛	9.29
Finland, Rep. of 8¼ 87	15	94⅞	95⅞	+0½	−0⅛	9.38

Average price changes... On day +0⅛ on week +0⅝

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	91⅛	91⅞	+0⅛	+0⅛	12.91
CIBC 13½ 85 C$	60	†98½	99¼	0	−0⅛	13.80
CIBC 11⅛ 85 C$	60	†93⅜	94½	+0¼	0	13.26
Federal Dev. 11½ 90 C$	60	†86½	87⅛	0	−0⅛	14.05
Fst. Can. Inv. 10 84 C$	50	†89⅝	90½	0	−0⅛	13.84
R. Bk. Canada 10 85 C$	40	90¼	91	−0⅛	+0⅛	12.48
Tordom Cpn. 13½ 85 C$	30	†98⅛	99¼	0	−0⅛	13.80
M. Bk. Dnmk. 9 91 EUA	25	81⅛	82⅞	0	+1¼	10.25

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¼ 87	0¼	98⅝	99⅛	2/7	16⅝	16.81
Bk. of Montreal 5¼ 90	0¼	99⅝	100⅛	18/6	19½	19.50
Bank of Tokyo 5¼ 89	‡0⅛	97¾	98¼	25/1	13.94	14.22
BBL Int. 5 86	0¼	97⅛	98⅛	20/5	16½	16.84
Bergen Bk. A/S 6 89	‡0¼	97⅞	98⅛	29/2	18.19	18.58
BNP 5½ 88	0⅛	98⅝	99⅛	29/1	14.44	14.60
CNT 5¾ 86	§0¼	97⅞	98¼	18/4	13¼	13.52
Citicorp O/S F. 94	‡0	99⅛	99⅝	31/1	18⅜	18.49
C. Itoh 5¼ 87	0⅛	97¼	97¾	18/3	12⅞	13.21
Co-operative Bk. 6 86	0⅛	97⅛	97⅞	15/6	15¼	15.62
Den Norske Credit 6 90	0¼	97⅝	98⅛	5/2	15¾	16.09
Genfinance 5¼ 87	0¼	97¼	98¼	30/4	15⅛	15.43
Giro und Bank 5½ 91	0¼	98⅛	98⅝	23/3	20½	20.85
GZB 5½ 89	‡0⅛	97⅞	98⅜	1/2	15.06	15.35
Jugobanka 8 89	0⅞	†91	93	23/5	18¾	18.21
Ind. Bank Japan 5¼ 87	0⅛	97½	98	16/4	13.31	13.62
Ind. Bank Japan 5⅛ 88	0¼	97	97½	9/4	13⅛	13.50
Lloyds Eurofin 8 90	0¼	94¾	95½	3/7	14½	15.24
Lloyds Eurofin 5¼ 92	0¼	97¼	98¼	4/6	17¼	17.60
LTCB Japan 5¾ 86	0⅛	100½	101	13/6	20.19	20.04
Man. Hanov. O/S 5¼ 94	‡0⅛	97⅜	98¼	29/2	18½	18.49
Midland Intl. Fin. 5 89	0⅛	99⅝	100⅛	30/6	19.56	19.54
Midland Intl. Fin. 5¼ 92	0¼	97⅞	98⅛	5/6	17.19	17.52
Nacional Fin. 6¾ 88	0¼	98⅛	98⅞	25/1	9.69	9.82
Nat. West. 5⅝ 94	§0⅛	95¾	96¼	14/4	13½	13.80
Nat. West. 5¼ 92	§0⅛	95⅞	96⅛	23/4	13.69	14.24
Nippon Credit 5½ 87	§0¼	98⅛	98⅞	6/2	16.06	16.29
Sparebanken 6 87	0⅛	98⅛	99⅛	19/6	19⅝	20.08
Standard Chart. 5¼ 90	0¼	97½	98	6/3	12.06	12.34
Svenska Hndlsbk. 5 87	0¼	98⅞	99⅜	15/7	17.81	17.97
Bq. Ex. d'Alg. 4⅞ 89 SF	0⅛	90½	91	18/6	7½	8.26

Average price changes... On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	101½	103	−0⅛	14.55
Canon 6¾ 95	1/81	829	115½	116⅛	−0⅛	3.61
Credit Suisse 4½ 93	10/79	1278	116½	118½	+0½	+2.63
Digicon Fin. 8½ 95	10/81	29.5	98⅜	100¼	−0¼	9.20
Enserch Fin. 9½ 94	7/80	30.25	153	154	+0½	−0.93
Hanson O/S Fin. 9½ 95	1/81	1.92	100½	101¼	−0⅛	−3.34
Ina Overseas 8¾ 2000	4/81	42	102¼	103½	+0⅛	7.35
Inchcape Ltd. 8 95	2/81	4.56	97⅞	98⅞	+0⅛	−2.32
Jaccs 7½ 95	11/80	585	121⅞	122⅞	+0½	1.64
Marion Int. Fin. 9 95	12/80	23.25	98¾	100	−0⅛	0.46
Matsushita El. 7½ 95	11/80	590	99⅞	100⅞	+0⅛	1.00
MEPC 8¾ 96	2/81	2.47	91⅜	92⅜	+0⅛	3.03
Niigata Eng. 7½ 96	1/81	327	102⅞	103⅞	+0½	−1.14
Nissho-Iwai Co. 8 96	10/80	398	96⅞	97⅞	+0⅛	0.15
Ricoh 6⅝ 95	8/80	604	114⅜	115⅜	+1½	0.25
Sumitomo M. Ind. 7 95	2/81	181	†110½	111½	+0½	−0.27
Swiss Bk. Cpn. 6¾ 90	9/80	200	93½	95½	+0¼	7.72
Taylor Woodrow 8⅞ 90	1/81	4.94	93½	94½	0	3.36
Transco Int. 8⅞ 95	2/81	68	95½	97	0	21.47
Tricorp. 8½ 95	12/80	31.25	94	95½	−0½	20.85
Union Bk. Switz. 5 89	2/80	121.4	91¼	93¼	+1½	−12.80
Fujitsu 5 84 DM	7/79	431.5	139¼	140¼	+0⅛	−2.83
Sharp Cpn. 6½ 88 DM	9/80	595	131⅝	132⅝	+0½	−2.75
Uny Co. 6½ 85 DM	11/79	967.3	108⅛	109⅛	+0⅛	0.79

* No information available—previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

BHF Bank to halve its branch network

By Stewart Fleming in Frankfurt

BERLINER HANDELS und Frankfurter Bank (BHF-Bank), one of the leading West German commercial banks, is closing 15 of its 17 branches in Frankfurt.

The branches are to be sold to a Frankfurt savings bank, Frankfurter Sparkasse von 1822, and BHF is expecting many of the customers of the transferred branches to move their accounts.

BHF bank, with assets in excess of DM 18bn ($9.035bn) was formed in 1970 through a merger of the Berliner Handels-Gesellschaft and the Frankfurter Bank. It has never had an extensive branch system in Germany and has always avoided building up a full service retail branch network. Outside of Frankfurt, however, it has a network of some 14 offices, several of which were opened in the past decade as the bank sought to expand its representation in Germany.

The bank says that its decision reflects its aim to concentrate its business more on corporate and larger private customers.

The rising costs of branch banking, coupled with the pressure on profits encountered by German banks in general, is leading many of them to take a closer look at the cost effectiveness of different parts of their business.

Earlier this week Commerzbank made it clear that it does not plan any net expansion in its extensive German branch network and is examining whether it ought to continue to provide full retail services at branches with only four or five employees.

SIP capital increase approved

By Our Rome Correspondent

THE LONG-AWAITED capital increase for SIP, the Italian telephone utility, was approved yesterday. The injection of a total of L800bn ($850m) in new funds is aimed at ending the acute financial difficulties of the group, which have threatened its heavy investment programme.

The increase, ratified at a shareholders' meeting, will involve the immediate injection of L560bn from SIP's parent company, the state controlled Istituto per la Ricostruzione Industriale (IRI), through STET, the financial holding company at the head of IRI's telecommunications division.

The remaining L240bn will be forthcoming as soon as the promised injection of fresh Government money into IRI has been approved by the Government. Meanwhile IMI, the publicly owned medium-term credit institute, is putting the final touches to a L450bn ($472m) loan on behalf of SIP.

The capital increase will enable SIP to go ahead with its investments this year, thus averting problems at key suppliers such as Italtel, and to strengthen its position when Italy shortly embarks on the scheduled modernisation of its telephone network.

THE FIGHT FOR WHITE MOTOR

Daimler-Benz seeks larger U.S. base

BY JOHN GRIFFITHS

DAIMLER-BENZ said in Stuttgart yesterday that its talks with White Motor, the U.S. heavy truck maker currently under the protection of Chapter 11 of the bankruptcy laws, were preliminary and not concrete negotiations for its take-over.

On Wednesday White said it expected a firm bid from Daimler-Benz "shortly."

But it is not difficult to see why Daimler-Benz should be seeking some form of co-operation deal with a U.S. truck maker.

As with a number of other European truck makers, Daimler-Benz was not slow to spot the market potential in the U.S. for diesel trucks in the medium class 6 sector—trucks from 19,000 to 26,000 lbs gross vehicle weight. It is a sector which traditionally has been dominated by petrol-engined trucks, with diesels largely ignored by domestic manufacturers.

But under the pressures of rising fuel prices the scene is changing fast. Diesel engined trucks currently account for about 10 per cent of the medium sector, but this is expected to rise to about half the market by 1985.

In June last year, Daimler-Benz opened a plant at Hampton, Virgina, to assemble medium weight diesel trucks imported in kits from its Brazilian manufacturing subsidiary. It has a total annual capacity of 18,000 a year, if a full three-shift system is worked. But with the U.S. truck industry currently in crisis—truck output last year is estimated to be the lowest since 1964, at 1.58m units with a further turndown forecast this year—it is not yet operating at much more than half single shift capacity.

A link with White, which in the first 10 months of last year had 6.4 per cent of the heavy truck market, would open up access to White's distribution network and help fill out capacity at Hampton. At the same time, it could hold out the prospect of White itself obtaining some components from Daimler's subsidiary at Sao *Paulo.*

Such a deal would present few problems, because White operates only in the heavy duty class 8 market—for diesels of over 30,000 lb gross vehicle weight.

Daimler now finds itself in a contest for White with Consolidated Freightways of San Francisco, which has declared itself a firm bidder for most of White's truck operations in the U.S. and Canada.

But if Consolidated is successful, it will be good news for another European manufacturer, Volvo, which itself will be relieved at the failure of Daimler's previous talks with Consolidated on the takeover of the Freightliner truck business.

Freightliner, which incurred a $9m loss in the first half of 1980, took over the responsibility for the distribution of Volvo heavy trucks in the U.S. in January 1979.

It is the medium diesel sector, however, which has proved most resilient to the downturn, and both Renault and Iveco have emerged as rivals to Daimler in attempting to tap it.

Renault has linked with Mack Trucks, which is also only in the heavyweight class 8 sectors. The U.S. company has the advantage of not having to develop its own medium diesel—it bans its dealers from selling any other make of truck—and Renault, which has taken a 20 per cent stake in Mack, gets its ready made dealer network.

Iveco, the Fiat controlled truckmaker, has taken a bolder approach, and has set up its own network of more than 100 dealers in 40 states.

Daf Trucks maintains earnings

BY CHARLES BATCHELOR IN AMSTERDAM

DAF TRUCKS, the Dutch commercial vehicle maker, has not achieved an expected improvement in profits for 1980, returning a net result at around the Fl 21.6m ($10m) of 1979.

Profits were adversely affected by the cost of liquidating its trailer activities and by provisions for losses in the special products division, said Mr. Piet van Doorne, the chairman. Daf's operating result was "considerably lower" than in 1979, though a reduction in stocks led to cost savings.

Nearly all of Daf's markets declined in the second half of the year while in Britain, the company's largest export market, demand "collapsed completely." Sales volume overall fell but DAF managed to increase its market pepentration.

It faced tough competition not only on prices but also on guarantee agreements, financing and trade-in terms.

The company performed well in France, achieving record sales and profits and raising its market share to 6 per cent.

Daf produced 16,062 trucks last year and is now raising capacity to 17,500 from around 16,000 at present. It also made 17,864 engines and is increasing capacity to 22,000 by the end of 1981 from the present level of 18,000.

The special products division improved last year after a restructuring. Both the aerospace and military sections incurred losses but they were less than expected and aerospace nearly managed to break even.

Daf has strengthened its links with the aircraft landing gear manufacturer Menasco, a subsidiary of Colt Industries of the U.S. It has signed a co-operation agreement to design and test new products. It also hopes to gain the contract to build a landing gear for Fokker's planned F-29 jet.

VW cuts production as recession bites

BY KEVIN DONE IN FRANKFURT

THE RECESSION in the West German motor industry has started to hit commercial vehicles manufacture at Volkswagen, the largest motor car manufacturer in the Federal Republic.

Production of commercial vehicles at VW's works in Hanover will be stopped for up to 25 days in the first six months of 1981 in order to bring output more in line with shrinking demand.

VW's main car production plant in Wolfsburg has largely managed to avoid the worst of the fall in domestic car sales, although assembly lines for the popular Golf and Jessa models are working below capacity.

Audi, VW's subsidiary which chiefly produces larger models, has been hit, however, and 16,000 of the company's 29,000-workforce are being put on short-time work for nine days this month, after 28 days of short-time work from September to December last year.

Audi aid yesterday that its sales had fallen by 9.1 per cent last year to 365,500 vehicles. The chief fall occurred in the domestic market with sales down 14.3 per cent to 208,900, reducing Audi's market share to 9 per cent compared with 9.6 per cent last year.

Sales in the U.S. were held at the previous year's level with deliveries of 42,500, while sales to European countries outside Germany rose by 0.9 per cent to 91,300. The company's turnover dropped to DM 4.9bn ($2.4bn) compared with DM 5.2bn in 1979.

Stock market speculation suggests that VW's performance last year—after-tax profits in the first nine months fell by 42.2 per cent—could force the company to cut its dividend

Last year the group paid shareholders DM 10 per share. The 1980 dividend will not be fixed until a supervisory board meeting in April, but the company's share price reflects fears about the dividend and the company's prospects in 1981, which promises to be another difficult year for the West German motor industry.

VW has traded this week at as low as DM 147 compared with more than DM 177 as recently as mid-October and a high last year of DM 196.

Fiat world car output up 1.1%

By Rupert Cornwell in Rome

TOTAL WORLDWIDE production by the Fiat car group, including that of associates and licensees, rose 1.1 per cent last year to almost 2.3m units, while sales of Fiat Auto, the Turin concern's Italian car division, rose 21 per cent to L8,540bn ($9bn).

These figures emerged as shareholders approved the scheduled capital increase for Fiat Auto to L1,700bn ($1.8bn) from L1,200bn. The move comes after the bond isues by Fiat Spa, the group holding company, last autumn.

Fiat's Italian output also rose by 1.1 per cent in 1980 to 1.33m units—although the growth would have been considerably steeper had it not been for the 35-day strike which hit the group in mid-September.

Lost production and declining sales abroad are the main reasons for the loss expected for 1980 from Fiat Auto. Sig. Giovanni Agnelli, the group president, warned last November that the deficit would not be less than the L97bn of 1979, although the holding company itself was again expected to be in the black.

The car division's future hinges on the L5,400bn ($5.7bn) investment planned between now and 1985. Some L3,000bn will be spent on the development of new models.

For all the uncertainties of 1981, a new feeling of confidence is discernable at the group, above all as a result of sharply improved absenteeism figures and labour relations since the strike.

NMB buys Kredietbank Paris stake

By Our Amsterdam Correspondent

NEDERLANDSCHE Middenstandsbank (NMB) has announced a considerable expansion of its activities in France and plans to convert its representative office in London to a full service branch.

NMB has acquired the 45 per cent stake held by Kredietbank of Brussels in Interunion Bank of Paris, taking its own holding to 90 per cent. The Belgian and Dutch banks both acquired 45 per cent stakes in December, 1979, but Kredietbank has now decided Interunion's activities do not fit with its own business.

The remaining 10 per cent of Interunion, which provides medium- and long-term credits, is owned by Marine Midland Bank of New York. Interunion has a share capital of FFr 38m and total assets of FFr 88m. It had a balance sheet total of FFr 1.13bn at the end of 1979 and made a profit of FFr 2.72m in that year.

The French bank, which will be renamed Banque NMB-Interunion will set up a general banking subsidiary to be called NMB Banque France within the next few months.

NMB has also asked the British authorities for permission to open a branch in London following the establishment of a representative office in December, 1978.

The Dutch bank, which has traditionally concentrated on domestic business, has expanded its foreign activities in recent years.

Paul Betts and Paul Cheeseright report on the Westinghouse lawsuits

Pressure to settle uranium wrangle

FRESH SIGNS are emerging of an attempt to settle the complex litigation surrounding Westinghouse Electric and the alleged existence of a uranium cartel in the early 1970s. Billions of dollars are at stake in a thicket of lawsuits which in recent years has involved over 60 companies.

In the past month Westinghouse has:

● Reached out-of-court settlements with Homestake Mining and Getty Oil, two of the 29 U.S. and foreign uranium producers orignally cited in a triple-damages anti-trust suit against the alleged cartel:

● Admitted that it is holding initial talks with unnamed companies involved in the same case—they are thought to be Phelps Dodge, Englehard Minerals and Chemicals, Western Nuclear and Kerr McGee.

If a trend develops towards out-of-court settlements it will signal a new mood of reconciliation in the uranium industry, which has been overshadowed by three distinct series of litigation since 1975.

The first series results from Westinghouse not delivering 65m lbs of uranium oxide, it had contracted to sell, pleading "commercial impracticability." It was then faced by 17 suits from utilities. Of these cases, 16 have now been settled.

These settlements commit Westinghouse to cash payments, the provision of technical services on concessional terms, and the supply, in total of about 85 per cent of the uranium specified in the original contracts. By the end of 1979 the settlements had cost Westinghouse $375.3m after tax, but the burden of the various settlements will continue heavily into the next century.

The second series comes from Westinghouse's counter to these actions. It argued that it could not deliver uranium to the utilities because of the existence of a cartel. This referred to the marketing arrangements of Australian, French, Canadian, and South African producers between 1972 and 1975, a period when they were frozen out of the U.S. market by a uranium import embargo.

So it launched in Chicago the anti-trust suit, which will be heard next September. The number of defendants has now fallen to 25 following out-of-court settlements and the dropping of charges against Rio Tinto-Zinc of America and Reserve Oil and Minerals.

The third series concerns spin-off cases, frequently involving Gulf Oil, also a defendent in Chicago, which have arisen because of the cartel allegations.

Movement in the Chicago case—the second series—is taking place against the background of worsening conditions for producers on the market. In the first place Westinghouse's short position in 1975 proved untenable because prices were rising.

But uranium is now in oversupply, reflecting the setbacks of the nuclear industry in the face of opposition to nuclear power and stringent regulations governing its development. In the view of New York analysts, the repercussions on the price movement appear to have increased the chances of settlement in the complex legal battles.

By the same token it has also changed the attitude of some utilities towards long-term contracts. Industry sources have suggested that reduced need for uranium is at least one reason why the Tennessee Valley Authority has invoked the existence of the cartel in an attempt to cancel a supply contract with Rio Algom.

Nevertheless, the companies involved are clearly feeling the strain of the protracted and costly litigation and as this strain increases it builds up the momentum for other out of court settlements. Getty's settlement cost it $13m in cash, but Mr. Sidney Peterson, the chairman, said: "Continuation of the litigation would not only result in extremely high legal costs. It would divert the valuable time of Getty management and other company personnel from more productive activity."

Getty, however, in common with Gulf Oil, had another problem. They had been unable to produce documents requested by the court from Canada and Australia because both countries have forbidden their release. This led to a Westinghouse demand for the Chicago court to impose sanctions.

Fear that the court might agree to this—and a ruling is expected soon from Judge Prentice Marshall, perhaps at a pre-trial hearing on January 29—is seen as a further compelling reason to reach out of court settlements.

But out of court settlements could now also be advantageous to Westinghouse, although its statement that any recovery from the cartel case "will mitigate the financial consequences of the ultimate cost of the uranium litigation" has suggested determination to pursue the anti-trust case to the bitter end.

The settlements it has reached in its cases with the utilities—the first series of litigation—demand the provision of uranium. Industry observers note that if it is to supply this uranium Westinghouse cannot remain indefinitely at loggerheads, in the Chicago case, with such a large number of major producers.

Meanwhile in the third series of cases, Gulf Oil has settled all its cases with utilities either through arbitration or out of court settlements. But its litigation with UNC Resources promises additional fireworks.

UNC had refused to supply Gulf with uranium because of the latter's involvement with the alleged cartel. Gulf was awarded $300m damages and UNC supplied uranium at below market prices by an arbitration panel, but last week a New Mexico court dismissed the award, arguing that the arbitration panel had no jurisdiction. General Atomic, the Gulf subsidiary involved, is appealing to a higher court.

DEFENDANTS IN WESTINGHOUSE'S CARTEL LITIGATION IN CHICAGO

FROM THE U.S:	FROM AUSTRALIA:
Anaconda	Conzinc Riotinto
Atlas	Mary Kathleen Uranium
Denison Mines (U.S.)	Pancontinental Mining
Englehard Minerals and Chemicals	Queensland Mines
Federal Resources	**FROM CANADA:**
Gulf Oil	Denison Mines
Kerr-McGee	Gulf Minerals Canada
Phelps Dodge	Noranda Mines
Pioneer Nuclear	Rio Algom
Rio Algom Corporation	**FROM SOUTH AFRICA**
United Nuclear	Anglo American
Utah International	Nuclear Fuels
Western Nuclear	**FROM UK:**
	Rio Tinto-Zinc
	RTZ Services

Record local funding for Escom coal-power plant

BY JIM JONES IN JOHANNESBURG

ESCOM, the South African state-owned electricity utility, has negotiated its largest local financing facility, with the country's third largest bank, Nedbank. The R720m (almost $1bn) facility is for the financing of the local content portion of the boiler section of the Tutuka coal-fired power station in the south eastern Transvaal. The boiler contract has been won by L. and C. Steinmüller Africa, the South African subsidiary of the West German engineering group.

Apart from its size, the facility is unique in South Africa for the funding flexibility it provides Escom. Essentially, Nedbank has guaranteed that R720m will be made available to Escom over the next eight years, and that Escom may choose between its own stock, bridging bond, capital project bills, bank acceptance bills, foreign loans, or even money market instruments which may be developed during the period of facility. Drawdowns will be structured in accordance with the project's requirements, and allow Escom flexibility to opt for the most advantageous financing instrument at any time. The total amount of the facility is to be repaid by 1996.

Until recently, when it arranged a R650m local financing for its Letaba power station with Standard and Barclays banks, Escom has relied largely on its own cash flow for local financing requirements. With an estimated R14bn capital expenditure planned, in 1981 prices, to double South Africa's generating capacity over the next 10 years, Escom will be turning increasingly to local capital markets for its funds.

In 1979, Escom generated 75,643m kilowatt hours. Apart from the Tutuka and Letaba power stations, each having an ultimate design capacity of 3,600 megawatts, Escom is to start construction of the 3,600 megawatts Matimba power station at Ellisras in the Western Transvall in May, 1981, which it is claimed will be the world's largest air-cooled power station.

In addition, the utility has two other similar sized stations on the drawing board for construction during the next 10 years. Both will be coal fired, as at present coal power is cheaper in the coal rich areas of the Transvaal, Orange Free State, and Northern Natal. Nuclear generation, if Escom decides to add to its one nuclear station currently under construction near Capetown, will be limited to coastal areas, where coal transport and electricity transmission costs are high.

HK commission calls for 35% takeover trigger

BY ADRIAN BOVEN IN HONG KONG

THE Hong Kong Securities Commission has adopted a 35 per cent figure as the point past which no shareholder or group of shareholders may raise their holdings in a company without making a general offer for all the shares. At the same time, it has adopted a "creeper" clause allowing shareholders currently holding between 35 per cent and 50 per cent to increase their holdings by 3 per cent in any 12-month period until they reach 50 per cent.

The new rulings were generally expected in the stock market, and are more liberal than those in force in the UK, for instance, but proponents admit that their success is not yet assured.

The Hong Kong Take-over Code has no legally binding force, the definition of a group of shareholders has not yet been made clear, and the absence of disclosure laws in the Colony allows any shareholder to disguise his holdings by placing them in nominee companies.

In addition there has been considerable opposition in the market to the imposition of any trigger point below 50 per cent. The Code has stated that a general offer is required when control of a company changes hands, but has not defined precisely when that occurred. Earlier efforts to introduce a 30 per cent trigger into the code failed after disagreement on an advisory subcommittee.

The Commission said last year that it would make its own interpretation and might require a shareholder with less than 50 per cent to make a general offer. However, when it demanded that Sir Yue-Kong Pao, the shipping magnate, and his interests make a general offer for Hong Kong and Kowloon Wharf after they had raised their shareholding to 49 per cent, Sir Yue-Kong refused.

Sir Philip Haddon-Cave, the Financial Secretary, has suggested that the Government may adopt parts of the Code as law if voluntary measures again fail, but has also said he is reluctant to see this happen.

Straits Trading forecasts rise in profits

SINGAPORE — The Straits Trading Company has forecast, in a takeover document for Singapore Building Society (SBS), that group pre-tax profit for the year to December 1980 will be S$85m (US$40.7m), a 23.7 per cent increase over the S$68.7m of 1979.

Straits Trading is to declare a second interim dividend of 18 cents gross on capital doubled by a one-for-one bonus issue, making a total for the year of 26 cents against 42 cents on the old capital.

The company recently revised its offer for the SBS issued capital of 25.54m of S$1 to one new Straits Trading share of S$1 for every four SBS shares from an earlier one-for-five offer.

Its rival, See Hoy Chan (Singapore) withdrew its offer of S$2.20 cash for every SBS share following insufficient acceptances.

Straits Trading said the purpose of its offer was to provide the group with an opportunity to diversify activities.
Reuter

CURRENCIES, MONEY and GOLD

Sterling firm

Sterling continued to improve in currency markets yesterday, underpinned by high interest rates and the emergence of the pound as a petrocurrency. The latest set of UK money supply figures had little effect on the market, with M3 money stock for the month up to mid-December falling well within market expectations. MLR remained at 14 per cent although there was no real expectation of any change.

Dollar was also firm, with demand for the U.S. currency remaining strong for most of the day. Euro-dollar rates were mostly up, helping the U.S. currency continue its recent firmer trend, while the hostages situation receded somewhat as a market factor.

European currencies were little changed within the EMS, but were generally weaker against sterling and the U.S. dollar. The French franc remained the firmest currency within the EMS, and the Italian lira was the weakest, although it showed a steadier trend.

STERLING — trade-weighted index (Bank of England calculation) rose to 79.7 from 79.4, having stood at 79.7 at noon and 79.5 in the morning. The pound was firmer all round, and managed to finish above $2.4 against a fast improving dollar. It opened at $2.3970 against the U.S. unit, and traded around $2.4 for most of the morning. During the afternoon it touched $2.4060 and closed at $2.4010-$2.4020, a rise of 45 points. Against European currencies, the pound was very strong, and closed at FFr 11.1150 against the French, its highest level since August 1974, and well up from Wednesday's figure of FFr 11.06. In D-mark terms it finished at DM 4.8050, its best level since March 1976 and compared with DM 4.78 previously.

DOLLAR — Trade weighted index (Bank of England) was unchanged at 86.8. The dollar was mostly firmer yesterday and remained in good demand especially in New York. In London it closed at DM 1.9995 against the D-mark against DM 1.9930 on Wednesday. In terms of the Swiss franc it finished at SwFr 1.8130, its best level for a month, against SwFr 1.8075 previously. It was weaker in terms of the Japanese yen, however, finishing at Y201.50 compared with Y203.0.

ITALIAN LIRA — Weakest member of the EMS, but steadier recently as the deepening recession has cut imports and helped contain inflation—The lira was mostly weaker yesterday in Milan especially against the dollar, with the latter buoyed by high interest rates. The D-mark showed little change, with recent central bank policy aimed at maintaining a steady rate between the D-mark and the lira. At yesterday's fixing sterling rose to a record high at L2,284.5 compared with L2,267.7 on Wednesday, while the dollar rose to L950.55 from L947.55. The D-mark eased slightly to L475.38 from L475.46, and the French franc was hardly changed at L205.39 against L205.40.

D-MARK—Remaining weak near the bottom of the European Monetary System, reflecting Germany's poor balance of payments position and slower than expected economic growth rate. The recent turnround in U.S. interest rates has once again depressed the D-mark, while the situation in Poland continues to exert downward pressure—There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt, when the dollar rose to DM 2.006 from DM 1.9925 on Wednesday. Trading was not particularly active

THE POUND SPOT AND FORWARD

Jan. 15	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3970-2.4060	2.4010-2.4020	1.15-1.25c dis	−6.00	2.60-2.70dis	−4.41
Canada	2.8580-2.8650	2.8570-2.8580	0.85-0.95c dis	−3.80	1.75-1.90dis	−2.55
Nethlnd.	5.20-5.24	5.22-5.23	2½-1½c pm	4.59	6½-5½ pm	4.59
Belgium	77.00-77.45	77.20-77.30	20-10c pm	2.33	44-34 pm	2.02
Denmark	14.75-14.82	14.76-14.77	2ore pm-par	0.81	¼ pm-1¾dis	−0.20
Ireland	1.2785-1.2870	1.2805-1.2815	0.18-0.05p pm	1.08	0.29-0.13 pm	0.65
W. Ger.	4.78½-4.82½	4.80-4.81	2½-1½pf pm	5.31	6¾-5¾ pm	5.19
Portugal	128.40-129.30	128.70-128.90	par-70c dis	−3.26	30-185 dis	−3.34
Spain	193.20-194.00	193.25-193.35	40-115c dis	−4.81	205-295 dis	−5.17
Italy	2,271-2,286	2,281½-2,282½	3-5 lire dis	−2.10	16¼-19¼ dis	−3.11
Norway	12.45-12.52	12.48½-12.49½	5½-3½ore pm	4.26	11¼-9½ pm	3.30
France	11.09-11.14	11.11-11.12	4-3c pm	3.78	9½-8½ pm	3.15
Sweden	10.62½-10.67½	10.64¾-10.65¾	3½-4½ore dis	−4.58	11½-12½ dis	−4.58
Japan	482-490	483½-484½	3.20-2.50y pm	7.07	7.85-7.10 pm	6.18
Austria	33.90-34.10	33.97-34.02	11-7gro pm	3.18	29-22 pm	3.00
Switz.	4.34-4.37½	4.35-4.36	3½-2½c pm	8.27	9¾-8¾ pm	8.49

Belgian rate is for convertible francs. Financial franc 77.45-77.55. Six-month forward dollar 3.75-3.90c dis, 12-month 4.20-4.50c dis.

THE DOLLAR SPOT AND FORWARD

Jan. 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3970-2.4060	2.4010-2.4020	1.15-1.25c dis	−6.00	2.60-2.70dis	−4.41
Ireland†	1.8670-1.8760	1.8730-1.8750	1.00-1.10c dis	−6.72	2.30-2.45dis	−5.07
Canada	1.1880-1.1918	1.1893-1.1896	0.14-0.09c pm	1.16	0.40-0.35 pm	1.26
Nethlnd.	2.1720-2.1755	2.1740-2.1750	2.00-1.90c pm	10.76	4.95-4.85 pm	9.01
Belgium	32.13½-32.18½	32.16-32.18	24-22½c pm	8.67	56-51 pm	6.59
Denmark	6.1480-6.1600	6.1500-6.1515	3.40-2.90ore pm	6.14	6.35-6.85 pm	3.97
W. Ger.	1.9930-2.0020	1.9990-2.0000	1.88-1.83pf pm	11.13	4.77-4.72 pm	9.49
Portugal	53.55-53.73	53.63-53.73	25c pm-par	2.79	45 pm-15 dis	1.12
Spain	80.60-80.73	80.62-80.67	40-10c pm	3.71	25 pm-10 dis	0.37
Italy	950.00-951.00	950.50-950.80	3½-2½ lire pm	4.10	3½-2 pm	1.10
Norway	5.1930-5.2065	5.2000-5.2010	4.80-4.30ore pm	10.50	10.75-10.00pm	7.98
France	4.6150-4.6305	4.6250-4.6270	3.80-3.70c pm	9.72	8.80-8.60 pm	7.52
Sweden	4.4300-4.4380	4.4365-4.4380	0.60-0.45ore pm	1.42	par-0.15 dis	−0.07
Japan	201.40-203.00	201.45-201.55	2.10-1.90y pm	11.91	5.10-4.90 pm	9.92
Austria	14.14-14.17	14.14½-14.15½	10.80-10.20gro pm	8.90	27.75-26.25pm	7.63
Switz.	1.8060-1.8160	1.8125-1.8135	2.28-2.18c pm	14.76	5.87-5.77 pm	12.84

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Jan. 15	Bank of England Index	Morgan Guaranty Changes%
Sterling	79.7	−24.6
U.S. dollar	86.8	−7.3
Canadian dollar	79.7	−18.5
Austrian schilling	146.4	+22.0
Belgian franc	111.0	+10.7
Danish kroner	101.1	−8.8
Deutsche mark	145.6	+39.4
Swiss franc	185.1	+76.0
Guilder	122.4	+172.
French franc	96.0	−8.3
Lira	49.90	−52.9
Yen	146.1	+43.0

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Jan. 14	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.529962	0.539756
U.S. $	13	1.26873	1.29218
Canadian $	17.00	1.51080	1.53562
Austria Sch.	6¾	17.8942	18.2068
Belgium F.	12	40.7009	41.4271
Danish K.	11	7.78683	7.91651
D'mark	7½	2.52794	2.57427
Guilder	8	2.75051	2.79821
French Fr.	9½	5.85075	5.95822
Lira	16½	1202.12	1224.34
Yen	7¼	257.806	262.312
Norwgn. Kr.	9	6.57583	6.69541
Spanish Pts.	8	102.079	103.994
Swedish Kr.	10	5.61515	5.72046
Swiss Fr.	3	2.29006	2.33302
Greek Dr'ch.	—	Unavail.	61.0230

OTHER CURRENCIES

Jan. 15	£	$		£ Note Rates
Argentina Peso	4812-4832	1998-2013	Austria	33.75-34.15
Australia Dollar	2.0295-2.0335	0.8460-0.8465	Belgium	77.15-77.95
Brazil Cruzeiro	160.48-161.48	66.80-67.13	Denmark	14.70-14.85
Finland Markka	9.32-9.33	3.8750-3.8760	France	11.02-11.12
Greek Drachma	111.118-114.345	47.24-47.35	Germany	4.79-4.83½
Hong Kong Dollar	12.42-12.43½	5.1740-5.1770	Italy	2290-2400
Iran Rial	174.00*	72.75*	Japan	485-491
Kuwait Dinar(KD)	0.648-0.654	0.2711-0.2713	Netherlands	5.21-5.26
Luxembourg Frc.	77.20-77.30	32.16-32.18	Norway	12.45-12.57
Malaysia Dollar	5.3450-5.3550	2.2265-2.2285	Portugal	128½-143
New Zealand Dlr.	2.4935-2.4985	1.0390-1.0400	Spain	187¼-197¼
Saudi Arab. Riyal	7.96-8.02	3.3305-3.3320	Sweden	10.64-10.74
Singapore Dollar	5.0050-5.0150	2.0845-2.0865	Switzerland	4.34-4.38½
Sth. African Rand	1.7950-1.7960	0.7475-0.7480	United States	2.39½-2.41½
U.A.E. Dirham	8.78-8.84	3.6710-3.6730	Yugoslavia	78-82

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 15	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	7.93275	+2.71	−0.38	±1.53
Danish Krone	7.72336	41.4601	+4.20	+1.10	±1.64
German D-Mark	2.48208	2.57739	+3.84	+0.74	±1.125
French Franc	5.84700	5.96553	+2.03	−1.07	±1.3657
Dutch Guilder	2.74362	2.80313	+2.17	−0.93	±1.512
Irish Punt	0.668201	0.687981	+2.96	−0.14	±1.668
Italian Lira	1157.79	1226.52	+5.94	+2.92	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Jan. 15	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.402	4.805	484.0	11.115	4.355	5.225	2282.	2.858	77.25
U.S. Dollar	0.416	1.	2.001	201.5	4.628	1.813	2.176	950.2	1.190	32.17
Deutschemark	0.208	0.500	1.	100.7	2.313	0.906	1.087	474.9	0.595	16.08
Japanese Yen 1,000	2.066	4.962	9.928	1000.	22.96	8.998	10.80	4715.	5.904	159.6
French Franc 10	0.900	2.161	4.323	435.4	10.	3.918	4.701	2053.	2.571	69.50
Swiss Franc	0.230	0.551	1.103	111.1	2.552	1.	1.200	524.0	0.656	17.74
Dutch Guilder	0.191	0.460	0.920	92.63	2.127	0.833	1.	436.7	0.547	14.78
Italian Lira 1,000	0.438	1.052	2.106	212.1	4.871	1.908	2.290	1000.	1.252	33.85
Canadian Dollar	0.350	0.840	1.682	169.4	3.890	1.524	1.829	798.6	1.	27.03
Belgian Franc 100	1.294	3.109	6.220	626.5	14.39	5.638	6.764	2954.	3.699	100.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Jan. 15	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14⅛-14⅜	19¾-20	16-17	9⅛-9¼	1½-2	8⅝-8⅞	10½-10¾	14-16	11½-12	5¾-6¼
7 days' notice	14¼-14½	19¾-20	16-17	9⅛-9¼	2½-3	8⅝-8¾	10½-10¾	14½-16½	11-11½	6¼-6½
Month	14 7/16-14⅞	19⅝-19⅞	17¾-18⅛	9¼-9⅜	5 5/16-5 9/16	8⅞-9	10⅛-10½	15½-16½	11¾-11⅞	7¼-7½
Three months	14 5/16-14 9/16	18⅝-18⅞	17⅛-17½	9⅜-9½	5 5/16-5 9/16	8 13/16-9 1/16	11⅛-11½	17-18	12¼-12⅜	8-8¼
Six months	13 15/16-14 3/16	17½-17⅞	15⅝-16	9⅛-9⅝	5¾-5⅞	8 11/16-9 1/16	11⅝-12	17¾-18¾	12⅝-12¾	8⅛-8⅜
One Year	13 11/16-13 15/16	17 5/16-17 9/16	14¾-15⅛	9 11/16-9 15/16	5 11/16-5 15/16	8 11/16-8 15/16	12½-12⅞	18-19	12 11/16-12 15/16	8⅛-8⅜

Asian $ (closing rates in Singapore) one-month 19⅞-20 per cent; three months 18 11/16-18 13/16 per cent; six-months 17-17⅛ per cent; one year 15⅝-15¾ per cent. Long-term European two years 14½-14⅝ per cent; three years 14⅜-14½ per cent; four years 14¼-14⅜ per cent; five years 14⅛-14¼ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 19.15-19.25 per cent; three-months 18.10-18.30 per cent; six-months 16.40-16.50 per cent; one year 15.40-15.50 per cent.

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 15)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 15/16	offer 18 15/16	bid 17 1/4	offer 17 3/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

INTERNATIONAL MONEY MARKET

Euro rates mixed

Interest rates in Europe showed little overall change yesterday. In Frankfurt call money was quoted at 9.10-9.20 per cent compared with 9.05-9.15 per cent on Wednesday, and stayed roughly in line with the Lombard rate, currently standing at 9 per cent. Longer term rates fell back after Wednesday's sharp rise, with one-month money falling to 9.35-9.45 per cent from 9.40-9.45 per cent, and three-month to 9.40-9.50 per cent from 9.50-9.55 per cent. The six and 12-month rates were quoted at 9.15-9.35 per cent and 9.05-9.25 per cent respectively, compared with 9.40-9.45 per cent and 9.20-9.30 per cent.

In Amsterdam call money slipped to 8½ per cent from 9½ per cent previously as short-term credit remained in good supply. Today may see funds in less abundance, with payment expected on the National Bank's latest five-year Treasury bill offering. One-month money stood at 9.125-9.25 per cent against 9.125-9.375 per cent, with longer-term rates unchanged. Meanwhile the Dutch Finance Ministry announced the results of the auction, with Fl 954.4 of bills allocated at a rate of 10.375 per cent.

French short-term money eased to 10 11/16 in Paris from 10⅞ per cent on Wednesday. Period rates showed a fall of 1/16 of a point where changed.

In Milan interbank rates were generally firmer, ahead of mid-month reserve asset payments to the central bank. Funds have also been drained recently by recent settlement of two-year Treasury bill sales, and end of year bonuses.

UK MONEY MARKET

Very large assistance

Bank of England Minimum Lending Rate 14 per cent (from November 24, 1980)

The Bank of England gave a very large amount of assistance to the London money market yesterday after an early forecast of a moderate shortage. The help comprised moderate purchases of Treasury bills, small local authority bills and small commercial bills, all direct from discount houses. The latter were paying 13-13¼ per cent for secured call loans at the start, with later balances taken up to 13½ per cent, with money not appearing later in the day despite official assistance. The market was faced with a small excess of Government disbursements over revenue transfers to the Exchequer, and a small number of commercial bills maturing in official hands. In addition banks brought forward balances a small way below target. On the other side there was the maturity of Treasury 11½ per cent 1981.

In the interbank market overnight money opened at 13⅞-13½ per cent, and fluctuated between 13 per cent and 14 per cent before rising in the afternoon to a peak of 14½-15 per cent. Late balances were taken at 13-13½ per cent.

GOLD

Firmer trend

Gold rose by $14 an ounce in the London bullion market yesterday to close at $572-575. It opened at $565-568, and touched a low of $564-567 before recovering to $566.75 at the morning fixing. The afternoon fixing showed a further recovery to $571.50, with increased short covering after the opening of New York. The closing level was the best level seen in London.

In Paris the 12½ kilo bar was fixed at FFr 89,500 per kilo ($601.43 per ounce) in the afternoon, compared with FFr 89,500 ($601.62) in the morning and FFr 89,400 ($602.98) on Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 36,485 per kilo ($567.50 per ounce) against DM 36,075 ($563.01) previously, and closed at $570-573 compared with $555-558.

In Zurich gold finished at $570-573 against $555-558 previously.

GOLD

	Jan. 15		Jan. 14	
Gold Bullion (fine ounce)				
Close	$572-575	(£238¼-239½)	$558-561	(£232¾-234)
Opening	$565-568	(£235⅝-236⅞)	$565-566	(£235-236¼)
Morning fixing	$566.75	(£236.018)	$561.50	(£234.520)
Afternoon fixing	$571.50	(£237.630)	$556.50	(£232.233)
Gold Coins				
Krugerrand	$591-593	(£246-247)	$575-577	(£239¾-240¾)
1/2 Krugerrand	$303-307	(£126¼-127¾)	$297-302	(£124-126)
1/4 Krugerrand	$154-158	(£64-65¾)	$149-154	(£62¼-64¼)
1/10 Krugerrand	$62-66	(£25¾-27½)	$60-63	(£25-26¼)
Mapleleaf	$587-592	(£244½-246½)	$567-570	(£236½-237¾)
New Sovereigns	$145½-146½	(£60½-61)	$141-142½	(£58¾-59½)
King Sovereigns	$168-170	(£70-71)	$166½-168½	(£69½-70¼)
Victoria Sovs	$168-170	(£70-71)	$166½-168½	(£69½-70¼)
French 20s	$155-158	(£65-65¾)	$155-156	(£64½-65)
50 pesos Mexico	$708-711	(£294¾-296)	$700-703	(£292-293¼)
100 Cor. Austria	$552-556	(£230-231½)	$548-552	(£228½-230)
$20 Eagles	$683-686	(£284½-285¾)	$678-683	(£282¾-285¼)

MONEY RATES

NEW YORK

Prime Rate	20
Fed. Fund	19¾-19½
Treasury Bills (13-week)	15.02
Treasury Bills (26-week)	13.86

GERMANY

Discount Rate	7.5
Overnight Rate	9.15
One month	9.40
Three months	9.45
Six months	9.25

FRANCE

Discount Rate	9.5
Overnight Rate	10.6875
One month	10.9125
Three months	11.5
Six months	12.25

JAPAN

Discount Rate	7.25
Call (Unconditional)	9.0
Bill Discount (three-month)	8.90625

LONDON MONEY RATES

Jan. 15 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13-15	13⅜-13½	—	—	14	13-13¾	—	—	—
2 days notice	—	—	13⅞-14⅛	—	—	—	—	—	—	—
7 days or 7 days notice	—	13⅝-14½	14⅛-14¼	—	14¼	14¼	13½-13¾	—	—	—
One month	14-14¼	14 1/16-14⅜	14¼-14⅜	15¼-15½	14	14⅜	13¾	13	14	14¼
Two months	14 1/16-14¼	14¼-14⅜	—	15-15⅜	14	14⅜	13½-13⅝	12	13	14
Three months	14⅛-14¼	14¼-14⅜	14¼-14⅜	14½-14⅜	14½	14⅜	13½	12	13⅜	14⅛
Six months	13 15/16-13⅞	13¾-13	13⅞-14	14-14¼	14⅛	14½	—	—	12-12⅛	13½
Nine months	13⅝-13⅞	13⅝-13¾	—	13⅞-14¼	14	14⅜	—	—	—	—
One Year	13½-13⅞	13½-13¾	13½-13⅝	13⅝-13⅞	13⅞	14¼	—	—	—	—
Two years	—	—	13⅝-13¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13¼-13½ per cent; four years 13½-13¾ per cent; five years 13¾-13⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13 7/16 per cent, four-month trade bills 14¼ per cent.

Approximate selling rate for one-month Treasury bills 12⅞-13 per cent; two-months 12 13/16-12 15/16 per cent; three-months 12 11/32-12⅞ per cent. Approximate selling rate for one-month bank bills 13⅞ per cent; two-months 13 13/16 per cent; three-months 13⅞ per cent; one-month trade bills 14½ per cent; two-months 14⅜ per cent and three-months 14⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from January 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 11¼-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 12.8148 per cent.

APPOINTMENTS

Sir James Menter joins Steetley

Sir James Menter has been appointed a director of the STEETLEY COMPANY. Sir James is principal, Queen Mary College, London University, and a director of British Petroleum and Tube Investments.

★

Mr. S. J. D. Coleridge has been appointed a director of BARCLAYS MERCHANT BANK and head of the group shipping department. Mr. Michael Cumming has become a director of that bank and managing director of its equity finance subsidiary, Barclays Development Capital. Mr. Douglas Angus has been made an executive local director of the London South Western District of BARCLAYS BANK. Mr. Coleridge was previously a vice-president with Citibank NA.

★

Mr. Michael S. Gibbon has been appointed chairman and Mr. Roger M. C. Whiteway, managing director, of A. R. GIBBON, of South Normanton, Derbyshire.

★

Mr. Adrian Taunton has been appointed managing director of MILLS AND ALLEN.

★

Mr. Roger D. Perkins has been appointed managing director and Mr. Charles Eatwell has become sales director of BRUNEL CASES, a member of the Mardon Packaging International group.

★

Mr. C. Stanley Vaughan and Mr. Gordon H. Riddle have been appointed directors of BARTON ABRASIVES, of Tipton, as technical director and director-secretary, respectively.

★

Mr. David Easson has been appointed an additional non-executive director of ROCHE PLANT GROUP following his retirement as managing director of UDT Industries.

★

Mr. Mervyn C. Griffiths, deputy chief general manager of the ALLIANCE BUILDING SOCIETY, has been appointed a director.

★

Mr. Leon Brittan, Chief Secretary to the Treasury, has appointed Mr. John Butcher MP as his Parliamentary Private Secretary.

★

Mr. Douglas Kitchen has been appointed a director of STEINBERG GROUP.

★

Mr. R. V. Stallworthy and Mr. G. M. Webster have been appointed directors of HIGHGATE AND JOB GROUP.

★

Mr. J. C. L. Puxley has been appointed chairman of BISGOOD BISHOP AND CO., in place of Mr. C. J. K. Bisgood, who has relinquished the chairmanship prior to retirement later in the year. Mr. Puxley and Mr. B. M. Winterflood continue as joint managing directors.

★

Mr. William Fairhall has been appointed by LONDON TRANSPORT to the new post of director of finance and planning, in which he will combine the responsibilities for corporate planning and central finance.

Mr. Fairhall was with London Transport between 1970 and 1973, and he rejoins that organisation from Turner and Newall, where he was general manager, corporate planning.

★

Dalgety Chemicals has made the following appointments to the Board of ABM CHEMICALS. Mr. P. Hatton (technical), Mr. G. J. Smith (sales) and Mr. A. Travis (financial). Mr. I. Stead becomes production director designate.

★

Mr. Derek Bayliss has been installed as president of the INSTITUTION OF CORROSION SCIENCE AND TECHNOLOGY, succeeding Professor Graham Wood.

★

Mr. Melvin H. Keeler and Mr. Fred Lewis have been appointed directors of REED DECORATIVE PRODUCTS. Mr. William H. G. Wilks is to become finance director on April 1 and will join the Board on that date. The parent company is Reed International.

★

Mr. Geoffrey Anderson has resigned from the Board of Laing Properties to become managing director of the VIKING PROPERTY GROUP, of Derby, from March 2.

★

Mr. J. L. Wyatt has been appointed assistant managing director of AMALGAMATED POWER ENGINEERING on the conclusion of his period of secondment as general manager of the company's South African subsidiary.

★

Mr. John Evison has been made a director of MILLER BUCKLEY CIVIL ENGINEERING.

★

Mr. John Yarde, business executive with PLESSEY AEROSPACE at Titchfield, has been appointed director of operations.

★

Following the acquisition by the Halma Group of VOLUMATIC, Mr David S. Barber, chairman of Halma, has also been appointed chairman of Volumatic and Mr. Michael J. Arthur, deputy chairman of Halma has become a director of Volumatic. Mr. Frank R. Pegg, managing director of Volumatic, continues as chief executive of that company.

★

Royal Insurance states that the directors of ROYAL INSURANCE (UK), the recently formed operating company responsible for general business in the UK are as follows.

Mr. J. J. Howard (chairman), Mr. John F. H. Baring, Mr. F. E. Goosey, Mr. J. N. H. Hay, Mr. A. A. Horsford, Mr. S. G. McGeorge, Mr. D. Meinertzhagen, Mr. D. J. Warbrick and Mr. J. Williamson.

Mr. Meinertzhagen and Mr. Baring are chairman and a deputy chairman, respectively, of Royal Insurance (the holding company). Mr. Howard, Mr. Hay and Mr. Horsford are executive directors and Mr. Warbrick is a deputy general manager of the holding concern.

Mr. Williamson is general manager and Mr. Goosey is deputy general manager of Royal Insurance (UK). Mr. McGeorge is general manager, British Engine Insurance, a subsidiary of Royal Insurance (UK).

Mr. W. Scanlan, an assistant general manager of Royal Insurance (UK), is company secretary.

OVERSEAS

Mrs. Bette B. Anderson, first woman Under Secretary of the Treasury with the President Carter Administration, has been elected to the board of INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION. Prior to becoming Under Secretary, Mrs. Anderson was affiliated for 27 years with the Citizens and Southern National Bank of Savannah.

★

Mr. Walter di Pretoro has been appointed vice-president, HONEYWELL EUROPE SA, and director of the newly-created Southern Region, based in Milan.

★

Dr. Bernard Barry, director of research at Ashridge Management College, has been appointed professor of business administration and director of advanced management education, UNIVERSITY OF MELBOURNE, from February 1.

★

Mr. Frank H. Shipman, Jr., has been named president of PULLMAN KELLOGG, worldwide engineering and construction management member of the Wheelabrator-Frye group. Mr. Thomas J. Ryan, formerly president of Pullman Kellogg, has been named senior vice-president of the Wheelabrator-Frye energy division and will be moving to the Wheelabrator-Frye Inc. corporate headquarters in Hampton, New Hampshire.

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hambros Bank	14 %
Allied Irish Bank	14 %	■ Hill, Samuel	§14 %
American Express Bk.	14 %	C. Hoare & Co.	†14 %
Amro Bank	14 %	Hongkong & Shanghai	14 %
Henry Ansbacher	14 %	Keyser Ullmann	14 %
A P Bank Ltd.	14 %	Knowsley & Co. Ltd.	16 %
■ Arbuthnot Latham	14 %	Langris Trust Ltd.	14 %
Associates Cap. Corp.	14 %	Lloyds Bank	14 %
Banco de Bilbao	14 %	Edward Manson & Co.	15 %
BCCI	14 %	Midland Bank	14 %
Bank of Cyprus	14 %	■ Samuel Montagu	14 %
Bank of N.S.W.	14 %	■ Morgan Grenfell	14 %
Banque Belge Ltd.	14 %	National Westminster	14 %
Banque du Rhone et de la Tamise S.A.	14½ %	Norwich General Trust	14 %
Barclays Bank	14 %	P. S. Refson & Co.	14 %
Beneficial Trust Ltd.	15 %	Rossminster	14 %
Bremar Holdings Ltd.	15 %	Ryl. Bk. Canada (Ldn.)	14 %
Brit. Bank of Mid. East	14 %	Slavenburg's Bank	14 %
■ Brown Shipley	14 %	J. S. Schwab	14 %
Canada Perm't Trust	15 %	Standard Chartered	14 %
Cayzer Ltd.	14 %	Trade Dev. Bank	14 %
Cedar Holdings	14 %	Trustee Savings Bank	14 %
■ Charterhouse Japhet	14 %	Twentieth Century Bk.	14 %
Choulartons	14 %	United Bank of Kuwait	14 %
C. E. Coates	14 %	Whiteaway Laidlaw	14½ %
Consolidated Credits	14 %	Williams & Glyn's	14 %
Co-operative Bank	*14 %	Wintrust Secs. Ltd.	14 %
Corinthian Secs.	14 %	Yorkshire Bank	14 %
The Cyprus Popular Bk.	14 %		
Duncan Lawrie	14 %		
Eagil Trust	14 %		
E. T. Trust Limited	14 %		
First Nat. Fin. Corp.	16½ %		
First Nat. Secs. Ltd.	16 %		
Robert Fraser	14 %		
Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
Guinness Mahon	§14 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 11½%, 1-month 11¾%. Short term £4,000/12 months 13.35%.

† 7-day deposits on sums of £10,000 and under 11½%, up to £50,000 12%, and over £50,000 12½%.

‡ Call deposits £1,000 and over 11½%.

§ 7-day deposits 12%.

§ Demand deposits 12%.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, January 14, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.2198
Algeria	Dinar	3.8325
Andorra	French Franc	4.6127
	Spanish Peseta	80.465
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Argentine Peso	1940.50
Australia	Australian $	0.8465
Austria	Schilling	14.09
Azores	Portug. Escudo	53.53
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3769
Balearic Isles	Spanish Peseta	80.465
Bangladesh	Taka	15.361
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	32.062
	B. Franc (F)	32.165
Belize	Belize $	2.00
Benin	C.F.A. Franc	230.635
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	7.945
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.742
Brazil	Cruzeiro	66.96
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.0865
Bulgaria	Lev	0.87
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
CamerounRepub'c	C.F.A. Franc	230.635
Canada	Canadian $	1.1865
Canary Islands	Spanish Peseta	80.465
Cape Verde Isle	Cape V. Escudo	56.51
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Rep.	C.F.A. Franc	230.635
Chad	C.F.A. Franc	230.635
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.541
Colombia	Col. Peso (O)	50.92
Comoros Islands	C.F.A. Franc	230.635
Congo(Brazzaville)	C.F.A. Franc	230.635
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.7515
Cyprus	Cyprus Pound	0.3513
Czechoslovakia	Koruna (O)	5.60
DemRep.SaoTome & Principe	S. Tome Dobra	35.672
Denmark	Danish Krone	6.123
Djibouti Rp. of	Djibouti Franc	173.386
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin'cn Peso	1.00
Ecuador	Sucre	28.10
Egypt	Egyptian pound	0.69
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	160.93
Ethiopia	Birr (O)	2.0409
Faroe Islands	Danish Krone	6.123
Falkland Islands	Falkland Is. £*	2.3936
Fiji	Fiji $	0.792
Finland	Markka	3.863
France	French Franc	4.6127
French C'ty in Af.	C.F.A. Franc	230.635
French Guiana	Local Franc	4.6127
French Pacific Is.	C.F.P. Franc	80.6361
Gabon	C.F.A. Franc	230.635
Gambia	Dalasi	1.6712
Germany (East)	Ostmark (O)	1.9933
Germany (West)	Deutschemark	1.9935
Ghana	Cedi	2.75
Gibraltar	Pound*	2.3935
Greece	Drachma	47.15

COUNTRY	CURRENCY	VALUE OF DOLLAR
Greenland	Danish Krone	6.123
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.6127
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	34.6866
Guinea Republic	Syli	19.4602
Guyana	Guyanese $	2.5569
Haiti	Gourde	5.00
Honduras Repub.	Lempira	2.00
Hong Kong	H.K. $	5.159
Hungary	Forint	32.5534
Iceland	New I. Krona	6.00
India	Ind. Rupee	7.945
Indonesia	Rupiah	625.00
Iran	Rial	70.00
Iraq	Iraq Dinar	0.2935
Irish Republic	Irish Punt*	1.8737
Israel	Shekel	7.53
Italy	Lira	947.15
Ivory Coast	C.F.A. Franc	230.635
Jamaica	Jamaican Dollar	1.7855
Japan	Yen	203.15
Jordan	Jordan Dinar	0.3085
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.6153
Kiribati	Australian $	0.8465
Korea (Nth)	Won	0.94
Korea (Sth)	Won	659.50
Kuwait	Kuwait Dinar	0.271
Lao P'ple D. Rep	New Kip	10.00
Lebanon	Lebanese Pound	3.7405
Lesotho	Loti	0.7421
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.8055
Luxembourg	Lux Franc	32.062
Macao	Pataca	5.305
Madagascar D. R.	MG Franc	230.635
Madeira	PortugueseEscudo	53.53
Malawi	Kwacha	0.8337
Malaysia	Ringgit	2.2278
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	461.27
Malta	Maltese Pound	0.3564
Martinique	Local Franc	4.6127
Mauritania	Ouguiya	44.92
Mauritius	M. Rupee	7.8833
Mexico	Mexican Peso	23.375
Miquelon	French Franc	4.6127
Monaco	French Franc	4.6127
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	4.3965
Mozambique	Moz. Escudo	28.9116
Namibia	Rand	0.7421
Nauru Is.	Aust. $	0.8465
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	2.1662
NetherlandAntilles	Antilian Guild	1.80
New Zealand	NZ $	1.0411
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	230.635
Nigeria	Naira (O)	0.5296
Norway	Norw'g Krone	5.1805
Oman,Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.825
Panama	Balboa	1.00

COUNTRY	CURRENCY	VALUE OF DOLLAR
Papua N.G.	Kina	0.6447
Paraguay	Guarani	137.30
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	344.99
Philippines	Ph. Peso	7.58
Pitcairn Islands	NZ $	1.0411
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	53.53
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.6395
Reunion Ile de la	French Franc	4.6137
Romania	Leu	4.47
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	2.3935
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	4.6127
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S. $	1.00
San Marino	Italian Lira	947.15
Saudi Arabia	Saudi Riyal	3.3307
Senegal	C.F.A. Franc	230.635
Seychelles	S. Rupee	5.5693
Sierra Leone	Leone	1.1921
Singapore	Singapore $	2.0865
Solomon Islands	S.I. $	0.7943
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.7421
Spain	Peseta	80.465
Spanish Ports in North Africa	Sp. Peseta	80.465
Sri Lanka	S. L. Rupee	17.7773
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7421
Sweden	S. Krona	4.425
Switzerland	Swiss Franc	1.8055
Syria	Syria Pound	3.9262
Taiwan	New Taiwan $ (O)	36.00
Tanzania	Tan Shilling	8.1053
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	230.65
Tonga Islands	Pa'anga	0.8465
Trinidad & Tob.	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.5985
Turkey	Lira	89.25
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8465
Uganda	Ug. Shilling	7.6165
United Arab Emir.	UAE Dirham	3.6726
United Kingdom	£ Sterling*	2.3935
Upper Volta	C.F.A. Franc	230.635
Uruguay	Urug. Peso	10.01
U.S.S.R.	Rouble	0.6768
Vanuatu	FNH	74.5427
Vanuatu	Aust. $	0.8465
Vatican	Italian Lira	947.15
Venezuela	Bolivar	4.293
Vietnam	Dong (O)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.9285
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	29.37
Zaire Republic	Zaire	3.206
Zambia	Kwacha	0.8075
Zimbabwe	Zim $	0.6517

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) From January 1, 1981, Iceland introduced a new crown equivalent to 100 units of old currency.

WORLD STOCK MARKETS

NEW YORK

Wall St. mixed at mid-session

STOCKS ON Wall Street presented a mixed appearance at mid-session after moderate trading, with sentiment restrained by uncertainty over the direction of interest rates and disappointment with recent financial statements by some major growth companies.

The Dow Jones Industrial Average was off 1.28 at 965.19 at 1.00 pm. The NYSE All Common Index managed a slight gain of 4 cents at $76.59, although declines held a slight lead over gains. Volume slowed to 27.03m shares from the previous day's 1.00 pm level of 29.46m.

NCR continued to weaken, losing $2 more to $66 following a fall of 5½ on Wednesday on stating that its incoming order rate had declined.

IBM, which is expected to report fourth-quarter earnings this week, shed ⅛ to $65⅞ in active trading. **Digital Equipment,** also active, lost 1⅞ to $81⅞. **SCM** announced that its fiscal second-quarter net earnings rose slightly but dipped ¼ to $25.

Data General rebounded 1⅞ to $53½, after dropping about seven points in the prior two sessions. Earlier this week, it reported a fall in fiscal first-quarter operating profits.

Fluor receded 1⅞ to $54¾. It has purchased an undisclosed number of Genentech shares for investment. **Genentech,** which said clinical trials began yesterday in Interferon it has produced by gene-splitting, added ⅛ to $43¾ bid in over-the-counter trading.

Superior Oil climbed $5½ to $205¾. The company said an agreement to explore in the Northern Peruvian jungle has been approved by the Peruvian State Oil Company.

THE AMERICAN SE Market Value Index was 1.04 firmer at 340.42 at 1 pm. Volume 3.43m shares (3.38m).

Closing prices for North America were not available for this edition.

Canada

Shares were inclined to improve in fairly active early trading, the Toronto Composite index gaining 7.0 at 2,256.8 at noon. Golds put on 45.7 to 4,457.0 and Oil and Gas 39.8 to 4,361.9.

Milan

Another sharp rise in stock prices took place in heavy trading, lifting the Banca Commerciale Italiana index 5.14 more to 182.79, its highest point so far this year.

Large liquidity and renewed interest in stocks as refuge investment against inflation triggered feverish activity on all sectors, including the major Industrials which had been somewhat neglected the previous day.

Demand remained active in the unofficial after-Bourse hours trading, and brokers emphasised that the bullish trend was being supported by fresh money from Italian and Foreign groups.

"Reports, such as a 21.1 per cent yearly inflation rate, which could have depressed prices, are instead giving new strength to the market, as an anti-inflation role for stocks is a common idea by now," a senior broker said.

Olivetti climbed L146 to L4,399 as professional speculation and investors quickly overcame disappointment over a company denial of a rumoured take-over of a minority stake in Olivetti by Volkswagen.

Germany

An easier tendency prevailed in hesitant trading. Brokers said investors were unsure of interest rate developments, and many market participants waited *on the sidelines as a result.*

After the recent bright performance on the cheering Deutsche Babcock statement about its earnings Machine Manufacturers declined yesterday. **Babcock,** up DM 12.50 over the past two days, receded DM 7.20 to DM 189.30. **GHH** lost DM 3 and **KHD** DM 3.50.

In Utilities, **RWE** shed 20 pfennigs to DM 179.50 after announcing lower annual profits.

BMW dipped DM 2.50 to DM 150.00 in Motors, but against a softer trend in Banks, **Commerzbank** resumed its recovery, adding DM 2.10 at DM 134.20.

On the Domestic Bond Market, Public Authority loans recorded losses ranging to 60 pfennigs. The Bundesbank bought a net DM 6.7m of paper, after purchases of DM 3.5m on Wednesday. Dealers noted that the new DM 1.5bn Federal loan, on sale for the last time yesterday, had not been fully placed. Mark Eurobonds were steady, however.

Australia

Scattered bargain hunting in a *number of leading* Resources issues and renewed rumours of a significant oil find at Strata Oil's Woodada No. 3 well in the Perth Basin helped to enliven trading yesterday, while Golds were steadier following a firmer New York Bullion price. A mixed to firmer picture prevailed throughout the stock market in contrast to the general downtrend of recent sessions.

Strata Oil forged ahead 55 cents to an all-time peak of A$4.35 on the oil find rumours, while the *Options climbed 60* cents to A$4.10. The good feeling spread to some other issues in the Oil and Gas sector, with **Hartogen** rising 40 cents to A$8.20 as tests continued at the company's Newstead gas strike in Queensland.

Woodside Petroleum advanced 12 cents to A$3.19 and **Crusader Oil** 10 cents to A$6.00.

Bridge Oil moved ahead 26 cents to A$6.10 in the wake of the promising report on the Pandanus Creek uranium-gold prospect, but partner, **Kratos Uranium,** fell 35 cents to A$1.65.

Market leader **BHP** firmed 5 cents to A$16.05, while among Minings, **MIM** put on 10 cents to A$4.25, **Pancontinental** 50 cents to A$10.50 and **Western Mining** 6 cents to A$5.60.

On the Industrials boards, **Bond Holdings** gained 15 cents to A$3.00 and **ACI** 8 cents to A$2.30.

Coal Mining issues, however, tended to lose further ground, with the NSW operators remaining depressed by the threat of higher rail freight charges. **Oakbridge** shed 9 cents to A$2.23.

Hong Kong

Shares were in rallying mood yesterday in reasonably active trading, with the Hang Seng index, after receding about 41 points over the past two days, recouping 22.25 *to* 1,612.08. Turnover totalled HK$528.67m on the four exchanges compared with Wednesday's HK$499.23m.

The day was marked by steady buying, which came through at the opening and ran through to the *close* in *the* absence *of* any market moving news.

A magazine report that former Swire Pacific chairman John Bremridge would be the Colony's next Financial Secretary was said to have had no effect on trading.

Hutchison Whampoa was particularly strong, rising 90 cents to HK$20.40, while **Cheung Kong** put *on* 75 cents to HK$36.50, **Swire Pacific "A"** 30 cents to HK$14.40, **Jardine Matheson** 40 cents to HK$27.30, **HK Land** 30 *cents* to *HK$24.20 and* **HK Wharf** 40 cents to HK$10.40.

Strong among second-liners were **Hang Lung,** up HK$1.50 at HK$25.70, and **Hopewell,** which advanced HK$1.10 to HK$18.40, while **Sun Hung Kai Finance** improved 30 cents to HK$5.10.

Johannesburg

Gold shares staged a modest recovery on the firmer Bullion price, with **Buffels** retrieving R1.00 at R44.50.

Mining Financials, however, were inclined to ease. Industrials were very quiet with narrow mixed movements.

Tokyo

The market was closed yesterday *for the Coming of Age Day* holiday.

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SINGAPORE

SWEDEN

SOUTH AFRICA

GERMANY

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

BRAZIL

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO

NEW YORK ACTIVE STOCKS

COMMODITIES AND AGRICULTURE

Eggs authority attacked

MR. PETER HUMPHREY, chairman of the British Egg Association, has strongly attacked the Minister of Agriculture's decision to keep the Eggs Authority in being.

"We believe that an alternative industry body, as advocated by the BEA, would be more flexible, cost-effective, and relevant to the needs of egg producers today," he said.

"The Eggs Authority has been a constant source of friction since its inception. It has been the subject of two major reviews in three years because it is so controversial. How then can such a body provide a focus for the discussion of matters of concern to the UK industry as a whole, which the minister states as a main ground for keeping the authority?"

Futures contract record in U.S. markets

TRADING VOLUME on the Chicago Board of Trade futures market jumped by 33 per cent last year to a record 45,281,571 contracts. This is the 11th consecutive annual increase. It was noted that trading in financial instruments futures rose to account for 19.9 per cent of the exchange's total trading volume from 10.5 per cent in 1979.

The New York Mercantile Exchange also had a record in 1980. Trading volume rose by 30 per cent to 1,154,905 contracts. The biggest increase came in heating oil futures, where turnover soared from 33,804 to 238,284 contracts.

Sinclair opens London office

THE Sinclair Group of New York has opened a London office, J. Sinclair of 116 Borough High Street, to buy and hold for investors strategic metals including chromium, cobalt, manganese, titanium, and rhodium.

The metals are stored in Rotterdam's duty-free warehouses and customers are to be provided with registered warehouse warrants as document of title. Both warehouses and assayers are registered by the London Metal Exchange.

Sinclair says its stocks are *being bought and sold by direct* negotiation rather than traded on exchanges.

Cheaper bacon on the way

BY RICHARD MOONEY

BACON COULD be up to 6p a lb cheaper in the shops next week following wholesale price cuts announced by leading producers yesterday, in an attempt to boost sales.

Danish bacon was cut £60 to £1,220 a tonne at the first-hand level while FMC, Britain's biggest curer, reduced its official price by £65 to £1,185 a tonne. Merchants noted, however, that official prices for all bacon but Danish were largely academic as discounts ranging from £150 to £200 a tonne were freely available against "board" prices.

The cuts equate to around 3p a lb over a whole side but with the rasher market fairly firm, reductions are likely to be concentrated on gammons and fore-end cuts. The Co-operative Wholesale Society said it will be reducing gammon prices by 4p a lb at the wholesale level and rashers by 1p a lb. Prepacked joints and steaks will come down by at least 4p a lb it added. The Bacon and Meat Manufacturers' Association (BMMA) said some cuts could be 6p a lb cheaper at retail level.

An attack by the Danes on the British Government for allowing an undervalued Green Pound (the artificial exchange rate at which EEC farm support prices are translated into sterling) to result in a 5p "tax" on bacon imports, provoked an angry reply from a British producers' spokesman yesterday.

Mr. Svend Bernsen, managing director of ESS-Food UK, which imports Danish bacon to Britain, had said earlier this week that the tax, which resulted from monetary compensatory amount (MCA) levies paid to cancel out the difference between the value of the Green Pound and sterling, was at odds with the Government's declared intention to reduce inflation.

But Mr. John Locke, director of the BMMA, pointed out yesterday that the Danes had not complained when the weakness of sterling had caused MCAs to act as subsidies on Danish imports to Britain. He said the best advice to British housewives was to buy British since wholesale prices of British bacon were consistently below those of Danish.

Over the whole of last year British bacon sides averaged 1½p a lb less than Danish, he said.

With prices currently 1½p a lb below those ruling at the same time last year, in spite of a 10 per cent rise in the food price index, bacon remained very good value for money, he added.

W. German boost for cocoa market

BY OUR COMMODITIES STAFF

HIGHER than expected grindings of cocoabeans in West Germany during the fourth quarter of 1980 were announced yesterday. The cocoa grind — a measure of consumption—rose by 7.9 per cent over the previous year to 42,635 tonnes, according to the German Confectionery Association. This meant that West German cocoa grindings for the whole year were up by 6.3 per cent to 151,217 tonnes.

Although a rise had generally been expected, confirmation of *the increase in West German* consumption of cocoa gave a much needed boost to sentiment on the beleaguered cocoa futures market, where prices have recently fallen to life-of-contract lows.

The May position closed £6.5 up at £893 a tonne, in spite of reports of renewed selling by producer countries, led by the Ivory Coast. Reuter reported from Rio de Janeiro that there were market rumours that Brazil was planning to suspend export registrations for the 1980-81 crop. There is said to be some concern about the availability of sufficient supplies to meet sales already made. *Local supplies are already* scarce, with internal prices running above world market levels.

Metals boom predicted

By John Edwards, Commodities Editor

AN EXPLOSION in prices of copper, and other base metals, in 1982 is forecast in a special report issued by London brokers, Inter Commodities.

The report on copper, and the outlook for prices, predicts that copper will surge to a new peak of somewhere around £1,700 a tonne in boom conditions next year and adds that a number of other base metals could double in value.

***It says that the exact* timing of the bull move in copper is difficult to predict, but probably at some stage between autumn this year and early 1982 a sustained upward trend will begin to develop.**

Once having reached £1,700, however, the report says copper will come down in price again due to substitution by optical fibres and new mines coming on stream. It disagrees with the theory that there will be a prolonged shortage of copper in the 1980s and claims the predicted price explosion will not last very long.

In the meantime the report suggests that copper will remain in a trading range between £750 and £1,000 in the first half of this year, and is unlikely to breach the £1,000 mark until demand picks up in late 1981.

On the London Metal Exchange yesterday copper prices were marginally higher following the uptrend in gold. Cash wirebars gained £5 to £789.5 a tonne, but trading activity was subdued.

Tin staged a technical rally, after the recent sharp decline in prices. Cash tin closed £62.5 up at £6,017.5 a tonne.

Zambia copper output rise

LUSAKA—Zambia produced 52,204 tonnes of copper in October against 50,957 tonnes in September and 50,300 in October 1979, according to mines' ministry figures in the government gazette.

This brings the total for the first 10 months of 1980 to 514,541 tonnes against 486,500 in the period a year earlier.

Zambia produced a total of 583,400 *tonnes of copper* in 1979 and 655,000 in 1978.

Reuter

NEW U.S. AGRICULTURE SECRETARY

Taking up a difficult legacy

BY NANCY DUNNE IN WASHINGTON

MR. BOB BERGLAND, the outgoing U.S. Secretary of Agriculture, is leaving his successor a legacy which most likely will be unappreciated. It is the $1m two-year in-depth study of the structure of American agriculture released this week, which Mr. Bergland had hoped to use as a base for policy recommendations during a second Carter Administration.

The study, produced by an Agriculture Department task force, recommended that the federal government move away from current policies which aid large farms and instead do more to help small and medium-sized farms. It further advocated changes in current policies on taxation, farm credit commodity price supports, federally supported agriculture research, trade and conservation.

Mr. Bergland's designated successor is Mr. John R. Block, the 45-year-old director of the Illinois Department of Agriculture and owner of a 3,000-acre farm on which he raises pigs and soyabeans. Mr. Block has had little to say on the policies he will pursue, other than promising to push farm exports aggressively. At one point he suggested using U.S. agriculture products as "a weapon" but later softened his tone, calling exports "a tool for peace."

Had Mr. Bergland continued in office and formulated policies based on the new study's recommendations, dramatic changes might have been wrought in Government agricultural programmes. The report called for an end to most federal subsidies and income supports for the largest farmers, the 2.4 per cent who produce 39.4 per cent of U.S. food.

It urged a revision of tax provision and farm credit procedures which encourage expansion of landholdings, speculation and bidding-up of land prices by investors interested in tax breaks. One third of all farmland in the U.S. is now owned by absentee landlords.

According to the report, once farms reach an optimal size of about $160,000 in sales per year, maximum efficiency is then usually achieved. "Beyond this size, society has no reason to encourage or subsidise growth, nothing to gain either in terms of efficiency or lower food costs," the study said.

In presenting the report, Mr. Bergland said he feared that if federal policies do not change direction, U.S. food production will ultimately be controlled by just a few giant operators.

Mr. Bergland, who owns a 600-acre farm in Minnesota, said his future plans are still uncertain, but that he would like to work towards getting the report's recommendations implemented after he leaves office.

It is expected that Mr. Block will ignore the report. President-elect Ronald Reagan had little to say about farm policy during the election but Republicans have traditionally supported the increased efficiency large farms have been presumed to provide.

"Priority number one for me, is to help improve profitability in farming," said Mr. Block during his confirmation hearings.

The partial grain embargo to the Soviet Union, which Mr. Bergland publicly supported and Mr. Reagan promised to end, is likely to remain in effect until Soviet intentions in Poland are clear and until the size of the new U.S. wheat crop has been determined.

Mr. Block has won the support of farm groups by opposing food embargoes except as a last resort and affirming: "If we're going to boycott and cut off exports, we should cut off everything."

Department officials expect few changes in policy when the new secretary takes over. He has said that he will tighten eligibility standards for food stamp recipients, but it is unlikely that he will scrap the Government's $11bn programme which provides food for the nation's poor.

Mr. Bergland came to office promising to broaden the traditional producer concerns of the Agriculture Department to include consumer and environmental interests, and it was in fulfilling these promises that he was strongly criticised by farmers.

His most controversial appointment was that of Carol Tucker Foreman, a former executive director of the Consumer Federation of America, as assistant-secretary, who issued unpopular regulations affecting school lunches, chemical preservatives in meats and product labelling.

Consumer interests will be definitely downplayed under Mr. Block who in his testimony on Capitol Hill strongly criticised department moves against the meat preservative sodium nitrite and objected to the department's controversial dietary guidelines.

With agricultural trade becoming an important facet of American foreign policy, many agricultural decisions are made in the White House and on Capitol Hill. To the secretary goes the job of supporting and implementing decisions made by others.

Unlike Mr. Bergland, who is a former Congressman, Mr. Block will take office unfamiliar in the ways of the capital and with little political experience. His duties as Secretary of Agriculture in Illinois were apparently principally promotional.

With a big farm bill due to be passed this year, Mr. Block will be in the unenviable position of having to deal with Reagan Administration budget cutters and farm groups wanting subsidies and price supports. He will need all the help he can get.

World grain forecast raised

WASHINGTON — World grain production in 1981 is forecast at 1.542bn tonnes, slightly changed from the 1.540bn forecast in December, the U.S. Agriculture department said.

The change reflects a lower estimate for crops in China and India, but higher estimates for Argentina, Brazil and the U.S. World wheat production is forecast at 433m tonnes, virtually unchanged from the December forecast and 2 per cent above 1979.

Eastern European wheat output was seen lower at 34.3m tonnes against 34.8m. Last month's forecast and India's forecast was lowered to 31.6m from 32.0m, while increases were forecast for Brazil, to 2.5m from 2.3m, and for the U.S. to 64.5m from 64.3m last month.

The world coarse grain crop in 1980-81 is seen at 715m tonnes, up 0.5 per cent from last month's forecast and compared with an estimated 1979-80 harvest of 739.1m forecast last year.

Larger crops are now in prospect for Brazil, Argentina, the U.S. and Eastern Europe, USDA said. The Brazilian crop is seen at 22.1m tonnes, compared with 20.5m forecast last month and 20.5m last year. The Argentine coarse grain crop is seen at 17.8m against 17.3m and 10.6m respectively.

The U.S. crop is forecast at 198.7m in December and 238.7m produced in the 1979 season, while the Eastern European crop is seen at 60.7m against 60.1m and 63.4m respectively.

USDA said the estimate for China's coarse grain harvest was lowered by 4.5m tonnes to 78.5m due to lower than expected area and yields. China's 1979-80 crop was 83.0m.

The Soviet Union's total grain area for the 1981 crop could well recover from the 126m hectares estimated for the 1980 crop.

The USSR's planned area for 1981 is 128m hectares. Planting delays occurred early in the autumn seeding season, but, at least part, if not all, of the shortfal could be made up next spring.

Even if the Soviet Union's grain crop yields reach the high end of the previous ranges (1.1 to 1.8 tonnes per hectares), the USSR would find it difficult to produce the 236m tonnes called for in the 1981 plan, USDA said.

USDA held the 1980 crop estimate at 185 tonnes, slightly above the 1979 harvest but 50m tonnes below plan.

Reuter

Argentine meat exports drop

BUENOS AIRES — Argentina's meat exports dropped sharply in 1980 and the Soviet Union became the leading individual purchaser, the Argentinian National Meat Board said this week.

The Government agency said that in 1980 Argentina exported 470,000 tonnes of meat worth $770.5m. In 1979 the sales abroad were 697,000 tonnes, valued at $987.7m.

Soviet imports of Argentine meat increased sharply last year, reaching 131,000 tonnes, compared with 49,000 tonnes in 1979. On the other hand, the EEC, this country's traditional beef market, last year imported 141,000 tonnes, compared with 224,000 tonnes in 1979. Britain was the leading European Community buyer, with 67,000 tonnes.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Firmer on the London Metal Exchange following the rally in gold and renewed demand in the U.S. Forward metal opened at £808 but eased to £803.5 on short selling before recovering to £807 on the morning kerb

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	782-3	+1	789-90	+5
3 months	803.5-4	......	812.5-5	+5.5
Settlem't	783	+1	—	
Cathodes				
Cash	760-1	+1	767-9	+6.5
3 months	785.5-4	+1.25	792-3	+6
Settlem't	761	+1		......
U.S. Prod	—		*88-92.25	......

on light fresh buying. In the afternoon persistent American interest lifted the price to £813 before profit-taking prompted a close on the late kerb of £811. Turnover: 20,800 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £783, three months £804, 3.5, 4. Cathodes, three months £783.5, 84. Kerb: Wirebars, three months £804, 5. Afternoon: Wirebars, three months £812, 11, 12, 12.5, 12, 13, 12.5. Kerb: Wirebars, three months £813, 13.5, 13, 12, 12.5, 13, 12.

TIN—Rallied strongly following short covering which saw three months'

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6010-15	+157	6015-20	+82.5
3 months	6140-50	+105	6160-75	+68
Settlem't	6015	+155	—	......
Standard				
Cash	6010-15	+157	6015-20	+82.5
3 months	6140-5	+102	6160-70	+55
Settlem't	6015	+156	—	......
Straits E.	‡$31.90	—0.10	—	......
New York	—	......		

standard metal recover from £6,120 to close the late kerb at £6,165. Turnover: 1,040 tonnes.

Morning: Standard cash £5,990, 95, 6,020, 15, three months £6,140, 35, 40, 45. Kerb: Standard, three months £6,140. Afternoon: Standard, cash £6,010, 20, three months £6,140, 45, 50, 55, 60. Kerb: Standard, three months £6,160, 65, 60, 70, 65.

LEAD—Little changed. Forward metal came under pressure in early trading as news that Asarco workers have signed a three-year contract saw forward metal sold down to £297. Thereafter persistent UK consumer interest prompted a rally to £305 before renewed U.S. selling led to a close on the late kerb of £303. Turnover: 12,575 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	290.5-1	—3.25	290.5-1.5	—.75
3 months	302.5-3	—2.5	302.5-3	—.5
S'ment	291	—3.5	—	......
U.S. Spot	—	......	*37.9	......

Morning: Cash £291, three months £298, 99, 300, 01, 2, 3, 4, 3, 2, 1.5, 2, 2.5. Kerb: Three months £303, 4. Afternoon, three months £304, 3, 2, 1, 1.5, 2, 3. Kerb: Three months £302, 3, 4, 3.

ZINC—Easier as reported selling of zinc and buying of lead saw three months dip to £341 before recovering to close the late kerb at £341.5. Turnover: 18,125 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	330-1	......	328-9	—3.5
3 months	342.5-3	+2.5	340.5-1	—3.25
S'ment	331	......	—	......
Primw'ts	—	......	*41.5	......

Morning: Three months £342, 41, 41.5, 42, 42.5. Kerb: Three months £343. Afternoon: Three months £343, 42.5, 42, 41. Kerb: Three months £341, 42.

ALUMINIUM—Moved narrowly in quiet trading with three months finally quoted at £621.5 on the afternoon kerb. Turnover: 7,325 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	601-3	—2	598-600	—3
3 months	622-.5	—2.25	620-1	—2.25

Morning: Three months £622. Kerb: Three months £622. Afternoon: Three months £622, 21.5, 21, 20.5, 21, 20, 20.5. Kerb: Three months £620, 20.5, 21.

NICKEL—Marginally easier as offerings from one quarter were well absorbed. Three months metal declined from £2,680 on the pre-market to £2,630 before a close of £2,640 on the late kerb. Turnover: 672 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2637-40	—74	2640-5	—10
3 months	2637-40	—56.5	2635-40	—22.5

Morning: Cash £2,640, 50, 60, 40, early February £2,635, three months £2,660, 50, 55, 50, 40, 35, 40. Kerb: Three months £2,640. Afternoon: Three months £2,640. Kerb: Three months £2,640.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 4.75p an ounce higher for spot delivery in the London bullion market yesterday at 631.7p. U.S. equivalents of the fixing levels were: spot $15.148, up 14.8c; three-month $15.844, up 17.0c; six-month $16.454, up 14.3c; and 12-month $17.473, up 12.3c. The metal opened at 632p-641p ($15.15-$15.35) and closed at 637p-646p ($15.30-$15.50).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	631.70p	+4.75	645.5p	+18.7
3 months	653.30p	+4.85	667.5p	+17.
6 months	673.50p	+5.75	—	......
12months	715.80p	+5.40	—	......

LME—Turnover 213 (173) lots of 10,000 ounces. Morning: Cash 629, three months 652, 53.5. Kerbs: Three months 651, 53, 54, 55. Afternoon: Three months 662, 67, 68. Kerbs: Three months 667, 65.

COCOA

Having opened higher as expected cocoa futures failed to find inspiration for any major dip or rally and drifted to an uneventful close. Physicals on the other hand were quite active for the nearby positions but producers were still reluctant to trade at current levels, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	869-870	+7.0	872-865
May	892-994	+6.5	879-890
July	916-917	+7.0	920-915
Sept	938-939	+7.0	942-937
Dec	966-969	+8.0	970-964
March	991-992	+6.0	993-290
May	1010-14	+7.5	1012-10

Sales: 1,852 (2,827) lots of 10 tonnes.

ICCO Futures—Daily price for Jan. 14: 94.47 (93.46); 10-day average 95.87 (96.19); 15-day average 96.34 (96.41).

COFFEE

Good commission house buying prompted a steadier than expected opening, reports Drexel Burnham Lambert. Once again cross and switch trading contributed mainly towards a moderate volume during the early session. A disappointing New York market offered very little fresh incentive and values remained in a narrow range in poor volume.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
January	1045-46	+3.0	1046-36
March	1060-61	+3.0	1068-55
May	1075-76	+0.5	1085-71
July	1084-85	+1.0	1091-83
Sept	1095-98	+5.0	1104-090
Nov	1102-03	+8.5	1098
Jan	1102-10	+9.0	—

Sales: 2,358 (5,037) lots of 5 tonnes.

ICO Indicator prices for January 14: (U.S. cents per pound): Other Mild Arabicas 133.00 (133.50); Robustas ICA 1976 124.00 (same). ICA 1968 124.25 (same). Unwashed Arabicas 223.00 (223.50). Comp. daily ICA 1968 unquoted.

GRAINS

LONDON GRAIN FUTURES—The market opened 5p higher on wheat but after a morning lacking in sellers short-covering pushed values to close between 55p-65p higher despite some country hedge selling. Barley was generally neglected and although some switches helped bolster the volume, the general trade was dull and closed 10p-20p higher. New crops saw some hedge pressure and closed around unchanged levels, reports Acli.

	WHEAT		BARLEY	
M'nth	Yesterd'ys close	+ or —	Yesterday close	+ or —
Jan	104.65	+0.65	95.65	+0.20
Mar	107.55	+0.65	98.35	+0.10
May	111.55	+0.60	102.30	+0.20
July	115.50	+0.55	—	
Sept	100.15		95.30	+0.05
Nov	104.90	+0.05	100.05	......

Business done—Wheat: Jan. 104.65-104.30, Mar. 107.55-107.15, May 111.60-111.15, July 115.50-115.05, Sept. 101.15-101.15, Nov. 105.00-104.90. Sales: 167 lots of 100 tonnes. Barley: Jan. 95.65-95.55, Mar. 98.35-98.25, May 102.30-102.20, July no trade, Sept. 96.25-96.25, Nov. 100.05-100.00. Sales: 103 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent Feb. 111.25, March 111.75 transhipment East Coast sellers. U.S. Hard Winter 13½ per cent Feb. 106.00, March 106.50, transhipment East Coast sellers. English Feed fob Feb. 108.25, April-June 115.50 sellers East Coast. Maize: French Jan. 121.00, Feb. 122.50 East Coast sellers. S. African Yellow Feb.-March 89.50 seller. Barley: English Feed fob Jan. 100.25, 101.25, March 103.50, April 106.75, East Coast sellers. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 97.20, S. West 95.90, W. Midlands 94.00, N. West 97.50. Other milling wheat: W. Midlands 105.90. The UK Monetary Coefficient for the week beginning Monday, January 19, is expected to change to 0.865.

RUBBER

The London physical market opened slightly steadier with good interest throughout the day closing on an uncertain note. Lewis and Peat reported a fob February price for No. 1 RSS in Kuala Lumpur of 308 (306.25) cents a kg and SMR 20 at 256.5 (258) cents.

No. 1 R.S.S.	Yest'rd'ys close	Previous close	Business Done
Feb	58.00-58.50	57.20-58.00	—
Mar	59.80-59.90	58.80-59.70	60.00-59.90
Apr-Jne	62.20-62.40	61.50-61.70	62.70-61.20
Jly-Sept	65.20-65.30	64.70-64.80	65.70-64.50
Oct-Dec	68.20-68.30	67.70-67.80	68.40-67.60
Jan-Mar	71.20-71.30	70.70-70.80	71.40-70.30
Apl-Jne	74.20-74.30	73.70-73.90	74.30-74.20
Jly-Sept	77.10-77.20	76.60-76.90	77.50-77.20
Oct-Dec	80.20-80.60	79.70-80.00	—

Sales: 382 (129) at 15 tonnes, 44 (23) at 5 tonnes. Physical closing prices (buyer) were: Spot 57.25p (57.00p), Feb. 61.50p (61.00p), March 62.25p (61.75p).

SOYABEAN MEAL

The London market opened weak with losses of £3-£4 following a bearish USDA final crop report. Prices continued on the defensive with trade support at lower levels, reports T. G. Roddick.

	Yest'rd'ys Close	+ or —	Business Done
	£ per tonne		
February	127.00-27.4	—4.10	129.00-27.00
April	129.10-29.4	—5.40	134.50-29.00
June	131.50-31.9	—4.55	155.00-32.00
August	132.0-33.3	—5.5	134.00
October	136.00-30.5	—3.40	130.00
December	130.60-32.0	—3.2	—
February	130.00-36.0	—3.0	—

Sales: 360 (221) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £290.00 (£282.00) a tonne cif for Jan.-Feb. shipments. White sugar daily price was £310.00 (£303.00).

The market opened £2 above kerb levels but the highs were short-lived. Prices then drifted in quiet conditions and by late afternoon were some £9 below the best, but some short-covering developed which lifted the market somewhat by the close reports C. Czarnikow.

No. 4 Con-tract	Yesterd'ys Close	Previous close	Business Done
	£ per tonne		
Mch	289.50-300.0	300.00-00.25	307.50-288.0
May	298.75-98.95	299.25-99.50	306.00-297.5
Aug	281.50-81.60	281.50-82.50	296.50-69.00
Oct	283.25-83.75	282.50-82.75	286.50-81.50
Jan	261.00-64.50	260.00-61.00	262.00
March	258.00-62.00	258.50-58.75	260.00-57.00
May	255.00-58.00	254.00-57.00	

Sales: 7,398 (7,460) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £378.50 (£382.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for January 14: Daily price 28.86 (28.48); 15-day average 29.93 (30.00).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per kilo. March 482.5, 483.5, 485.0-480.0, 134; May 498.5, 499.5, 500.5-495.0, 196; July 510.5, 511.5, 516.0-507.0, 336; Oct. 509.5, 510.0, 512.0-507.0, 164; Dec. 514.0, 515.0, 517.0-511.0, 69; March 522.0, 522.5, 523.0-517.0, 53; May 526.5, 530.0, 527.0-525.0, 19; July 531.0, 533.0, 530.0-529.0, 5. Sales: 976.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Jan. 343, 345, 348-343, 5; March 350, 354, 355-352, 2; May 355, 362, nil, nil; Aug. 268, 272, 370, 5; Oct. 370, 373, 372, 2; Dec. 378, 380, 378-377, 3; Jan. 378, 381, 379, 1; March 380, 383, nil, nil; May 382, 386, nil, nil. Sales: 18.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 268 tonnes, bringing the total for the week so far to 1,708 tonnes. Renewed pressure for supplies development, and additional purchases were made covering the wide range of qualities. Most attention was directed towards North and South American styles, with some support in African growths.

POTATOES

LONDON POTATO FUTURES—April broke through £63.00 in early trading, but the market strayed in a narrow range all day and trade was consequently thin, reports Coley and Harper. Closing prices: Feb. 49.50 —20 (high 50.00, low 49.80); April 62.60 —40 (high 63.00, low 62.60); Nov. 53.90 +40 (high 54.10, low 53.90). Turnover: 69 (136) lots of 40 tonnes.

★

SMITHFIELD (pence per pound)—Beef: Scotch killed sides 68.0 to 70.5, Ulster hindquarters 81.0 to 86.0, forequarters 52.0 to 56.0, Eire hindquarters 81.0 to 84.0, forequarters 52.0 to 54.0. Veal: Dutch hinds and ends 104.0 to 106.0. Lamb: English small 58.0 to 65.0, *medium 56.0 to 62.0, heavy 58.0 to 60.0*; Imported frozen—NZ pl new season 54.0 to 55.0, pm new season 52.0 to 53.0. Pork: English, under 100 lbs 42.5 to 49.0, 100-120 lbs 41.3 to 47.3, 120-160 lbs 39.0 to 46.0.

MEAT COMMISSION—Average fatstock prices at representative markets on January 15. GB Cattle 85.44p per kg lw (+1.55). UK Sheep 134.01p per kg est dcw (—3.89). GB Pigs 67.06p per kg lw (+1.99).

PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 15 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	$1445/1475	....	$1450/470
Copper			
Cash w'bar	£789.5	+5	£787
3 mths	£812.75	+5.5	£804.75
Cash Cathode	£768	+5.5	£769
3 mths	£792.5	+6	£787
Gold troy oz	$573.5	+14	$574.5
Lead Cash	£291	—0.75	£324.25
3 mths	£502.75	—0.50	£351.75
Nickel	£3,226.57	....	£3,216*
Freemkt	280/290c	—7.5	275/285c
Platin'mt'ry oz	£202	....	£202
Freemkt	£252.45	+4.65	£248.15
Quicksilvert	$360/370	....	$360/370
Silver troy oz	631.70p	+4.75	671.0p
3 mths	655.30p	+4.65	690.10p
Tin Cash	£6,017.5	+62.5	£6,345
3 mths	£6,165	+55	£6,411.5
Tungsten22.04lb	$140.56	....	$141.97
Wolfrm 22.04lbs	$146/149	....	$139/142
Zinc Cash	£328.5	—3.5	£334
3 mths	£340.75	—3.25	£344.5
Producers	$823	....	$823
Oils			
Coconut (Phil)	$615x	+10	$625
Groundnut	:		:
Linseed Crude	£450	—20	£460
Palm Malayan	$620w		$625
Seeds			
Copra Philip	£430	+20	$420
Soyabean(U.S.)	$338	—8	$324.5
Grains			
Barley Futures	£98.35	+0.10	£99.55
Maize			
French	£121	....	£121.5
Wheat			
No 1 Red Spg	:		:
No2 HardWint	£106y	+1	£107.50
Eng. Milling†	:		:
Other commodities			
Cocoa ship't	£955	+7	£968
Future May	£893	+6.5	£867.5
CoffeeF't'Mar	£1,060.5	+5	£1033
Cotton A.Index	100.45c	+0.10	98.80c
Rubber (kilo)	57.25p	+0.25	57.53p
Sugar (Raw)	£290	+8	£305
Woolt'ps 64s kl	298p kilo	+2	297p kilo

† Unquoted. w March. y Feb. x Jan.-Feb. u Feb.-March. τ April. z Indicator. § Buyer. ‡ Per 76 lb flask. * Nominal.

AMERICAN MARKETS

NEW YORK, January 15.

PRECIOUS METALS declined on the possibility of the hostages being released soon. Copper backed off in price due to commission house liquidation. Sugar prices collapsed after Japan cancelled contracts for 150,000 tonnes. Cotton was mixed because the weakness in the grains tempered buying enthusiasm. Lack of dealer support in coffee encouraged light commission house selling, cocoa was barely steady. The livestock complex was mixed, markets were looking for direction. Grains and soyabeans came under early selling pressure following a bearish crop production report. Soyabeans finished limit down while maize and wheat rallied closing with moderate losses, reported Heinold.

Copper—Jan. 84.10 (85.15), Feb 84.60 (85.70), March 86.00-86.40, May 88.90, July 91.00, Sept. 93.00, Dec 95.30, Jan. 96.45, March 98.20, May 99.60, July 101.40, Sept. 103.20. Sales: 6,000.

Potatoes (round whites)—March 149.8 (144.8), April 174.7 (169.7), Nov. 89.8-89.9.

Sugar—No. 11: March 28.60-28.90 (30.72), May 28.70-28.80 (30.73), July 29.57, Sept. 28.53, Oct. 28.35, Jan. 26.00, March 25.50, May 25.50. Sales: 15,848.

Tin—659.0-675.0 (664.0-669.0).

CHICAGO, January 15.

Lard—Chicago loose 20.50 (same).

Live Cattle—Jan. 63.75 (64.00), Feb. 66.45-66.55 (66.02), April 69.80-69.65, June 72.10-71.90, Aug. 72.20-72.10, Oct. 70.70, Dec. 71.80, Feb. 72.55.

Live Hogs—Feb. 47.00-46.90 (46.50), April 47.80-47.75 (47.55), June 52.50, July 53.10-53.00, Aug. 52.40, Oct. 51.65, Dec. 54.25, Feb 56.85, April 56.85.

‡‡Maize—March 372-372¾ (376¾), May 379½-380 (383), July 381½-382, Sept. 374½-375, Dec. 369½-370, March 380.

Pork Bellies—Feb. 53.60-53.30 (52.82), March 54.50-54.25 (53.67), May 56.35-56.05, July 58.35-58.12, Aug. 57.50-57.30, Feb —.

Silver—Jan. 1490.0 (1525.0), Feb. 1455.0-1505.0 (1525.0), March —, April 1544.0, June 1595.0, Aug. 1652.0, Oct. —, Dec. 1720.0, Feb. 1764.0, April 1808.0, June 1852.0, Aug. 1896.0, Oct. 1940.0, April 2072.0, June —.

†Soyabeans—Jan. 772½ (802½), March 795 (825), May 816¾, July 837¾, Aug. 841-842, Sept. 831-835, Nov. 830½-837, Jan. 855½.

‖Soyabean Meal—Jan. 221.0-220.8 (230.5), March 228.9 (238.8), May 236.5, July 242.5, Aug. 240.5, Sept. 244.0, Oct. 242.5, Dec. 242.0, Jan. 244.0-246.0, March —.

Soyabean Oil—Jan. 23.95 (24.83), March 24.55-24.60 (25.48), May 25.47, July 26.25, Aug. 26.50-26.60, Sept. 26.65, Oct. 27.04, Dec. 27.20-27.40, Jan. 27.40-27.20, March 27.70-27.80.

†Wheat—March 503½-504½ (504¾), May 514-513 (515½), July 503-505, Sept. 517-516½, Dec. 535-537, March —.

WINNIPEG, January 15. §Barley—March 152.80 (155.70), May 154.10-154.20 (157.10), July 156.20, Oct. 156.70, Dec. 156.20.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Wednesday's closing prices

††Cocoa—March 1975 (1929), May 2030 (1980), July 2076, Sept. 2124, Dec. 2179, March 2229, May —.

Coffee—"C" Contract: March 132.50-132.90 (133.59), May 134.90-135.20 (136.05), July 135.75-136.00, Sept. 137.00, Dec. 135.50-136.00, March 134.00-136.00, May 136.00-136.50. Sales: 2,165.

Cotton—No. 2: March 92.65-92.85 (91.97), May 93.70-93.90 (93.13), July 93.80-93.90, Oct. 88.50-88.55, Dec. 85.30-85.40, March 86.25-86.50, May 87.00-87.50. Sales: 7,000.

*Gold—Jan. 569.0 (561.3), Feb. 572.5-574.0 (565.5), March 581.3, April 588.5-591.0, June 604.0-606.0, Aug. 620.5, Oct. 634.5, Dec. 651.0, Feb. 660.0, April 679.5, June 694.5, Aug. 709.8, Oct. 724.7. Sales: 45,000.

Orange Juice—Jan. 93.00 (88.00), March 97.20 (92.20), May 99.70, July 102.40, Sept. 104.90, Nov. 106.05, Jan. 106.75, March 108.00, May 109.25. Sales: 119.

*Platinum—Jan. 554.0-555.0 (546.0), March 570.0 (558.0), April 574.0-577.5, July 593.5-595.0, Oct. 615.0, Jan. 636.0. Sales: 1,758.

§Silver—Jan. 1526.0 (1499.0), Feb. 1535.0 (1509.0), March 1552.0-1565.0, May 1600.0-1615.0, July 1652.0, Sept. 1697.0, Dec. 1764.5, Jan. 1786.5, March 1830.5, May 1874.5, July 1918.5, Sept. 1962.5. Sales: 3,300. Handy and Harman bullion spot 1506.0 (1452.0).

CHICAGO, January 14.

Chicago Imm Gold—Jan. 570.0 (559.9), March 581.5-583.0 (572.8), April 583.3, June 605.0, July 612.5, Sept 627.0-623.0, Oct. 635.0, Dec. 649.0-651.0, Jan. 657.5, March 672.4.

Winnipeg, January 14—March 155.70 (157.50), May 157.10 (158.50), July 158.60, Oct. 159.40, Dec. 158.90.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 236.65 (237.75).

EUROPEAN MARKETS

ROTTERDAM, January 15.

Wheat—U.S. Two Dark Hard Winter 13.5 per cent, Jan. $239, Feb. $234, March $234, April $241, May $241.50, June $233. U.S. No. Two Red Winter, Feb. $227, March $228. U.S. No. Two Northern Spring 14 per cent, Feb. $245, March $245, April-May $222, May $226, June $228, July $229.

Maize—Spot $185, afloat $182, Jan. $182, Feb. $182, March $181, April-June $182, July-Sept. $182, Oct.-Dec. $178.75, Jan.-March $190.

Soyabeans—U.S. Two Yellow Gulfports Jan. $332.50, Feb. $335, March $336.50, April $341.50, May $343, June $349.50, July-Aug. $351, Sept. $345, Oct. $344, Nov. $343, Dec. $350, Argentine June $342, July $343, Gulf-Argentine-Paraguay May $341 sellers.

Soyameal—44 per cent protein, afloat $253-254, Feb. $253 traded, afloat $253, Feb. $292.50, March $300, April $306, April-Sept. $310. Brazil Pellets afloat $307, Jan. $307, Feb. $308, March $311, April-Sept. 320.

PARIS, January 15.

Cocoa (FFr per 100 kilos)—March 935-950, May 965-980, July 985, Sept. 1015, Dec. 1028-1050, March 1056-1070. Sales at call 0.

Sugar (FFr per tonne)—March 3451-3455, May 3428-3430, July 3400-3430, Aug. 3350-3380, Oct. 3150-3200, Nov. unquoted, Dec. 2930-2990, March 2890-2950. Sales at call 0.

INDICES

FINANCIAL TIMES

Jan. 14	Jan. 13	Month ago	Year ago
260.42	260.53	260.53	290.44

(Base: July 1, 1952=100)

MOODY'S

Jan. 14	Jan. 13	Month ago	Year ago
1208.4	1206.9	1217.2	1464.2

(December 31, 1931=100)

DOW JONES

Dow Jones	Jan. 14	Jan. 13	Month ago	Year ago
Spot	440.46	440.33	462.29	421.34
Fut'rs	457.69	464.34	474.69	429.94

(Average 1924-25-26=100)

REUTERS

Jan. 15	Jan. 14	M'nth ago	Year ago
1721.2	1713.2	1724.3	1716.7

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Scale of Government funding depresses Gilt-edged
Longer stocks fall £1—Leading shares edge firmer

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec. 24	Jan. 8	Jan. 9	Jan. 19
Jan. 12	Jan. 22	Jan. 23	Feb. 2
Jan. 26	Feb. 5	Feb. 6	Feb. 13

* "New time" dealings may take place from 9 am two business days earlier.

Concern about the Gilt-edged market's ability to cope with a Government borrowing requirement likely to overshoot this year's target and to be pushed even higher in 1981-82 brought widespread weakness to British Funds yesterday. Longer-dated stocks came under particular scrutiny and fell by more than a point before rallying slightly to close with losses ranging to a point.

Switching operations were again considerable, and genuine selling was rather modest apart from the completion of a sizeable overnight order which also contributed to lower opening quotations. Last week's newcomer, the long tap stock Exchequer 12¾ per cent 1999 "B" slipped to 1½ discount prior to settling at 1⅛ discount, or 18⅞, in £20-paid form.

Medium life issues made slightly more of the rally than the longs to end a maximum of ¾ lower with the shorts showing more resilience in sustaining falls of only ⅛. In the prevailing circumstances, recent guarded optimism about an early cut in Minimum Lending Rate faded completely.

Detecting a slightly better feel about equity markets, dealers in leading shares marked opening prices higher. Scattered bear-covering was induced, but the manoeuvre failed to attract the larger investors who continued to stand aside. The early firmness thus began to give but, despite an extremely quiet afternoon session, prices picked up again later and moved higher still in trade after the official close.

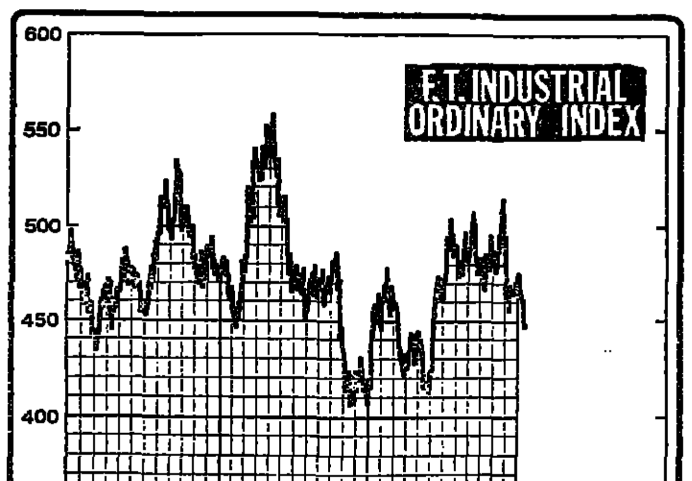
The movements in the FT Industrial Ordinary share index measured the day's fluctuations with a rise of 3 points at the first calculation, a gain of only 0.7 two hours later and a final improvement of 2.5 at 448.5.

Yield attractions influenced revived demand for Zimbabwe Settlement Annuities which rose 8 points to a peak £370. Southern Rhodesian bonds also improved and 3½ per cent 1980-85 Assented gained 2 points to £48.

UDT jump late

Traded options had another disappointing session with only 647 deals arranged. Grand Metropolitan accounted for 270 of these following the preliminary results, while BP also remained in demand and recorded 115 trades.

Already 5 firmer at the "house" close following a resurgence of speculative buying on revived bid hopes, UDT were marked up further to close 11 up at 49p, after 52p, on the bid approach from Lloyds and Scottish: the latter eased 8½ to 138p after the announcement. Elsewhere in Hire Purchases, FNFC encountered speculative support and touched 24½p before ending only a fraction harder at 23½p, while Wagon Finance cheapened 1½ to 34p. Awaiting the outcome of discussions taking place between world bankers trying to launch a rescue plan for Massey Ferguson,



Barclays lost 7 to 410p on fears that the talks might fail and expose the bank to a near-£23m loss on lending and credit facilities made to Massey-Ferguson. The clearing bank Union's 15 per cent wage claim also served to dampen sentiment in the sector. NatWest gave up 4 to 356p, but Lloyds edged forward 2 to 327p.

London United Investments stood out in Insurances with a late rise of 13 to 188p. Elsewhere, Hambro Life lost 5 to 287p awaiting today's publication of its new life business figures. Recently dull on the interim results Hogg Robinson picked up a penny to 101p. Alexander Howden hardened a couple of pence to 90p.

Interest remained at a low ebb in the Building sector. Among the scattered movements, Magnet and Southerns continued to benefit from the interim results and hardened 2 more to 118p. Phoenix Timber, on the other hand, gave up 4 to 94p. Burnett and Hallamshire revived with a gain of 15 to 575p, while Blue Circle closed without alteration at 320p in the leaders after drifting off a few pence in the initial dealings.

Inclined harder in the early trading, ICI finished 2 cheaper on the day at a new low of 296p. Fresh offerings left Rentokil another 5 cheaper at 162p, while Blagden and Noakes, down 2 further at 104p, also encountered scattered selling.

Dixons disappoint

A rising market of late, Dixons Photographic fell 8 to 127p following the 15 per cent reduction in first-half profits. Owen Owen added 2 to 118p on bid speculation, while renewed interest was shown for Cornell Dresses, 10 up at 78p. Albion added a couple of pence to 16p, while jewellers and pawnbrokers Harvey and Thompson firmed 3 to 55p. Store majors traded quietly and without distinction, although Burton continued to draw strength from the chairman's statement at Wednesday's annual meeting, and the close was 2 dearer at 94p.

Despite a Press report suggesting that the company is believed to be faced with a U.S. law suit involving patent infringements, Racal took a turn for the better after the previous day's setback and closed 4 to the good at 288p; the interim results are due later this month. GEC closed 7 cheaper at 573p after several half-hearted rallies, while Thorn EMI, 6 lower at 288p, failed to benefit from the sale of the remaining assets of its medical scanner business to Philips Medical Systems. Revived speculative demand left Bowthorpe 6 to the good at 154p. Muirhead fell to 55p before closing 4 off at 62p on the annual trading loss and passing of the dividend, while the sharp fall in half-yearly profits and omission of the interim dividend left E. Wigfall 5 off at 130p. Dealings in Suter Electrical ordinary and deferred were temporarily suspended at 68p and 64p respectively at the company's request.

GKN staged a usefull rally at 145p, up 7, but other movements in the Engineering leaders were narrowly mixed. Tubes hardened 2 to 170p and John Brown a penny to 55½p, but Hawker finished 2 cheaper at 230p. Among the occasional movements elsewhere in the sector, Astra Industrial, reflecting the recent interim results, became a reasonably lively market and closed a penny dearer at 20½p. On the other hand, ML Holdings eased 5 to 250p, while, in smaller-priced issues, Johnson and Firth Brown, 15p, and W. Williams, 12p, gave up 2 apiece.

Leading Foods trended a fraction harder in a subdued trade. Rowntree Mackintosh, 146p, and Tate and Lyle, 138p both added 2; the latter announces annual results next Thursday. British Sugar jumped 10 to 253p following the annual meeting, while renewed support in a narrow market lifted Somportex 55 to 580p. Unigate rose 3 to 99p following the proposed sale of its Cow and Gate subsidiary to Nutricia of Holland in exchange for cash and shares.

Preliminary profits at the top end of the market estimates prompted a good two-way trade in Grand Metropolitan, which closed 8 better at 146p. Trusthouse Forte, annual results due next Wednesday, firmed 3 to 178p in sympathy.

Misc. leaders harder

Technical influences helped the miscellaneous industrial leaders to stage a modest rally yesterday, but best levels were not held and closing improvements were limited to only a penny or two. Elsewhere, BET shed 5 to 119p on gloomy remarks about second-half trading which accompanied the reduced interim profits. The seaman's dispute continued to unsettle European Ferries which gave up a penny more to 143p, while Ferguson Industrial lost 6 to 54p and Elson and Robbins declined 4 to 28p on small selling and lack of support. Sothebys dipped 7 to 443p and Applied Computer 5 to 115p. Brengreen edged forward a penny to 43½p in response to Press comment and renewed speculative support lifted Feedex 2 to 42p. Following details of the company's acquisition of the privately-owned F. Smith (Office Equipment) Holdings for £2m, Sandhurst Marketing rose 5 to 48p. Far-Eastern influences prompted gains of 6 and 7 respectively in Jardine Matheson, 222p, and Hutchison Whampoa, 167p.

Press comment highlighting the boom in home video equipment led to gains of 2 in Hawley Leisure, 48p, Comet Radiovision, 132p, and Intervision, 31p.

Company trading statements provided a couple of dull spots among Paper/Printing issues. Associated Paper fell 4 to 24p after the slashed annual earnings and dividend, while Woodrow Wyatt declined 3 to 20p following the first-half deficit and halved interim dividend.

Greycoat Estates featured Properties with a rise of 11 to 176p following speculative buying on bid hopes. Country and New Town rose 3 to 58p in response to the near-75 per cent jump in first-half earnings, while Rosehaugh, 212p, and Trust Securities, 210p, improved 2 apiece. Hong Kong Land put on 3 to 198p.

Oils edge higher

Oils traded quietly but managed to maintain the previous day's late firmer trend. BP edged up 4 to 392p and Shell 8 to 446p in the leaders. Reflecting the encouraging Thelma drilling report, Lasmo improved 8 to 715p and IC Gas gained 6 to 246p. Rumours of a Woodada oil strike prompted speculative demand for Strata Oil which advanced 28 to 218p, an official report is expected next Monday.

Overseas Traders were featured by S. and W. Berisford, 6 higher at 182p following the increased preliminary profits and dividend and one-for-two scrip issue. Jamaica Sugar, currently the subject of a bid of 15p per share from Mr. Nicholas de Savary, added 1½ more to 28½p, on hopes of asset injections while hopes of an offer from Sime Darby left Boustead a penny dearer at 116p. In contrast, Tozer Kemsley and Millbourn came on offer and lost 3 at 52p.

Among Financial Trusts, persistent speculative demand left R. P. Martin 27 higher at 139p. Majedie were also good at 94p, up 13, while Hampton Trust moved up 3½ to 65p in sympathy with Strata Oil.

Stag Line closed 100 higher at 370p compared with the cash offer of 355p per share from Hunting Gibson. Ropner, which has a 29.9 per cent stake in Stag and has agreed irrevocably to accept the offer, firmed 4 to 172p.

Golds improve

South African Golds staged a good recovery in the wake of the bullion price which rallied $14 to $573.50. The sharemarket opened on a firm note but encountered light selling during the morning and early afternoon before moving ahead strongly in the after-hours' trade.

Consequently, closing prices were easily the day's best, and the Gold Mines index put on 9.7 to 366.3.

Among the heavyweights, gains of a point and more were common to Randfontein, £34¼, Buffels, £17¾, Vaal Reefs, £35½, and St. Helena, £19½.

In the medium and lower-priced issues, Welkom rallied well and closed 51 higher at 760p while Blyvoor put on 37 to 750p.

South African Financials closed little changed but the London-registered stocks edged higher. Gold Fields moved up 3 to 478p. The rally in Golds encouraged support for Platinums where Impala added 8 to 348p and Rustenburg 6 to 232p.

In Australians, rumours of an oil strike in Strata Oil's Woodada 3 well encouraged heavy buying of major shareholders Haoma Gold and North West Mining; both stocks jumped 18 to 164p and 114p respectively.

Otherwise the sector remained subdued although the gold issues regained some of the recently lost ground.

Malaysian Tins generally closed a fraction easier, where changed. Pengkalen dipped 3 to 100p in belated reaction to news that the company's only dredge has sunk.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980-81 high	1980-81 low
Grand Met.	50p	8	146	+ 8	167	120
Racal Electronics	25p	8	288	+ 4	370	175
GKN	£1	7	145	+ 7	279	133
New Court Nat.	5p	7	80	+ 2	118	32
Royal Insurance "New"	Nil/pd.	7	11pm	− 2	31pm	10pm
BSR	10p	6	29	—	42	18
Beecham	25p	6	165	+ 1	179	108
BP	25p	6	392	+ 4	502	320
Horizon Travel	25p	6	129	+ 3	146	66½
ICI	£1	6	296	− 2	402	296
Premier Cons.	5p	6	94	+ 2	127	36
BOC	25p	5	104	+ 2	105	56
Barclays Bank	£1	5	410	− 7	482	327
Bass	25p	5	190	− 2	243	188
GEC	25p	5	573	− 7	620	326

OPTIONS

First Dealings	Last Dealings	Last Declarations	For Settlement
Jan. 6	Jan. 16	Apr. 8	Apr. 21
Jan. 19	Jan. 30	Apr. 29	May 11
Feb. 2	Feb. 13	May 14	May 26

For rate indications see end of Share Information Service

Stocks to attract money for the call included Provincial Laundries, Airfix, Lonrho, Charterhouse Petroleum, Westminster Properties, ICL, Premier Oil, Charterhall, Burmah, FNFC, Grand Metropolitan, South African Land, Durban Deep, Western Deep, Acrow A, Feedex, Heelamat, Floyd Oil and Jamaica Sugar. Puts were done in East Daggafontein and Combined English Stores, while doubles were arranged in Cons. Gold Fields, Cope Allman and Sears.

FINANCIAL TIMES STOCK INDICES

	Jan. 15	Jan. 14	Jan. 13	Jan. 12	Jan. 9	Jan. 8	A year ago
Government Secs.	68.06	68.47	68.39	68.31	68.63	68.55	[illegible]
Fixed Interest	70.24	70.33	70.27	70.22	70.34	70.45	68.80
Industrial Ord.	446.5	446.0	447.4	455.1	461.2	459.3	450.8
Gold Mines	336.3	356.6	372.8	367.1	390.9	391.7	[illegible]
Ord. Div. Yield	7.98	8.00	7.97	7.85	7.74	7.76	7.26
Earnings, Yld.% (full)	17.87	17.91	17.84	17.57	17.32	17.38	18.02
P/E Ratio (net) (*)	6.86	6.84	6.87	6.98	7.08	7.05	6.83
Total Bargains	19,667	20,117	19,585	20,462	18,753	20,778	26,215
Equity turnover £m.	—	118.98	87.99	78.37	129.76	115.12	139.97
Equity bargains total	—	15,191	14,626	13,359	17,025	12,952	15,630

10 am 449.0. 11 am 446.8. Noon 446.7. 1 pm 447.2. 2 pm 447.8. 3 pm 447.8.
Latest Index 01-246 8026.
*Nil = 6.33.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980/81 High	1980/81 Low	Since Compil'n High	Since Compil'n Low
Govt. Secs.	72.54 (21/7/80)	63.85 (7/3/80)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7/80)	64.70 (10/3/80)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	516.9 (21/11/80)	406.9 (3/1/80)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	558.9 (22/9/80)	265.5 (18/3/80)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 15	Jan. 14
Daily		
Gilt Edged	132.9	130.5
Industrials	84.6	96.2
Speculative	29.5	40.9
Totals	65.2	69.5
5-day Avrge.		
Gilt Edged	124.5	121.8
Industrials	87.0	87.3
Speculative	34.5	34.6
Totals	67.4	67.5

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980-81.

NEW HIGHS (24)

COMMONWEALTH & AFRICAN LOANS (1): Zimbabwe Ann.
BUILDING/TIMBER (1): Burnett & Hallamshire
STORES (1): Comet Radio
ELECTRICALS (2): Rediffusion, Suter Elec.
ENGINEERING (1): Astra Ind.
FOODS (2): Hazlewood
INDUSTRIALS (3): Hutchison Whampoa, Renown
PROPERTY (1): Greycoat Ests.
TEXTILES (1): Crowther (J.)
TRUSTS (3): Crescent Japan, GT Japan
OIL & GAS (1): Strata Oil
OVERSEAS TRADERS (2): Boustead
RUBBERS (1): Bertam Cons.

NEW LOWS (46)

BRITISH FUNDS (3): Exch. 12pc 1998 "B" (£20 pd), Treas. 13pc 2000
FOREIGN BONDS (1): Denmark 13pc 2005
CANADIANS (1): Hudson's Bay
BEERS (1): Invergordon
CHEMICALS (3): Blagden & Noakes, British Tar Products
ELECTRICALS (5): Air Call, Baker Elec., Berec

[illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	4	79	12
Corpns. Dom. and Foreign Bonds	7	2	53
Industrials	164	254	[illegible]
Fin. and Prop.	65	95	[illegible]
Oils	16	11	[illegible]
Plantations	4	3	16
Mines	60	41	62
Others	33	50	[illegible]
Totals	371	526	1,555

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Thurs., Jan. 15, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Jan. 14 Index No.	Tues., Jan. 13 Index No.	Mon., Jan. 12 Index No.	Fri., Jan. 9 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (211)	272.28	−0.3	15.61	6.67	7.60	272.57	274.79	277.75	282.41	225.67
2	Building Materials (27)	257.65	−0.1	19.52	7.27	6.10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (26)	411.91	+0.3	22.19	6.57	5.41	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (27)	888.13	−0.6	13.22	2.95	12.05	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (11)	374.85	−0.2	15.91	6.93	8.02	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (71)	162.47	−0.1	18.58	8.19	6.77	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (13)	128.61	+0.1	20.76	10.53	6.69	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	Motors (21)	87.01	+0.1	25.52	9.73	4.92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Other Industrial Materials (15)	277.55	−0.3	16.52	7.77	7.14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GROUP (199)	227.75	+0.1	16.66	6.67	7.30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Brewers and Distillers (20)	242.59	+0.2	15.55	7.28	8.42	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	Food Manufacturing (23)	204.68	+0.2	19.25	7.70	6.17	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	Food Retailing (14)	455.30	−0.1	10.29	3.90	11.69	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Health and Household Products (7)	246.21	+0.3	10.77	5.79	11.05	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Leisure (22)	324.33	−0.1	14.23	6.60	7.51	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	419.04	−1.2	21.99	7.49	5.91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (15)	108.99	+0.1	29.34	11.25	3.91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (44)	238.15	−0.4	12.29	5.29	10.47	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (23)	[illegible]	−0.2	20.99	11.03	6.22	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	194.06	−0.1	21.99	13.09	3.85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39	Other Consumer (18)	234.13	−0.4	15.75	8.51	8.19	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (78)	247.69	+0.1	16.55	8.23	6.21	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (15)	276.16	−0.4	21.29	9.61	5.48	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	141.82	+0.2	22.01	8.50	5.31	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping and Transport (12)	538.82	−0.6	14.72	7.24	8.29	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (45)	252.85	−0.9	17.52	6.24	7.05	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (488)	241.24	−0.1	16.64	6.78	7.29	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (12)	671.68	+1.4	27.55	6.64	4.04	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	291.10	+0.2	19.19	6.61	6.14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (118)	227.25	−0.3	—	5.89	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	234.81	−0.8	43.57	7.26	2.75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	290.51	−0.1	—	5.92	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	193.61	+1.1	12.25	5.27	11.02	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	225.30	−0.5	—	5.85	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (9)	142.29	+0.1	—	7.22	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (9)	295.89	+0.3	15.57	7.83	8.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (13)	143.58	+0.3	—	5.39	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (45)	422.46	−0.3	3.37	2.92	41.32	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (11)	166.16	−1.0	15.29	5.90	7.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (109)	272.01	—	—	5.54	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (3)	214.48	+0.3	15.29	6.25	7.79	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (20)	420.55	+0.1	12.99	6.79	10.11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	276.51	+0.1	—	6.41	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Thurs., Jan. 15	Day's change %	Wed., Jan. 14	xd adj. today	xd adj. 1981 to date
1	Under 5 years	107.08	−0.04	107.26	0.13	0.51
2	5-15 years	108.46	−0.58	109.25	0.16	0.16
3	Over 15 years	111.63	−0.94	112.69	0.23	0.23
4	Irredeemables	125.78	−0.48	126.38	—	0.00
5	All stocks	108.74	−0.56	109.51	0.17	0.29

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Thurs., Jan. 15	Wed., Jan. 14	Year ago (approx.)
1	Low Coupons	5 years	11.83	11.87	11.98
2		15 years	12.52	12.51	11.98
3		25 years	12.60	12.42	11.98
4	Medium Coupons	5 years	13.64	13.56	14.34
5		15 years	14.33	13.99	13.65
6		25 years	13.88	13.72	13.51
7	High Coupons	5 years	13.71	13.63	14.57
8		15 years	14.35	14.21	14.09
9		25 years	14.10	13.95	13.79
10	Irredeemables		11.70	11.64	10.99

		Thurs., Jan. 15 Index No.	Yield %	Wed. Jan. 14	Tues. Jan. 13	Mon. Jan. 12	Fri. Jan. 9	Thurs. Jan. 8	Wed. Jan. 7	Tues. Jan. 6	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	52.00	14.24	52.16	52.14	52.16	52.08	52.13	52.15	[illegible]	50.31
16	Investment Trust Prefs. (15)	51.15	13.15	51.15	51.15	51.15	50.95	50.98	50.98	50.93	46.92
17	Coml. and Indl. Prefs. (20)	67.67	13.28	67.99	67.99	67.99	67.76	67.76	67.74	67.68	61.68

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. || Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ‡ Unlisted Securities Market. ‡‡ London Listing. ¶ Resulting from debt settlement scheme. ‡‡ Units comprising 125 A Ord. & 5 12½% Cum. Pref.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Frankfurt Trust Investment-GmbH
Neue Mainzer Strasse 74-76, D-6000 Frankfurt

FT-Interzins	DM57.51	40.98	+0.01
Frankf. Effekt. Fd.	DM54.98	53.44	+0.08

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.
NAV Nov. 28 | US$152.93 |

G.T. Management Ltd.
Park Hse., 16 Finsbury Circus, London EC2
Tel: 01-628 8131. TLX: 886100

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هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	56.5	60.8	+0.2	2.38
Abbey Capital	42.2	45.6	+0.1	5.37
Abbey General	51.2	55.4	-1.2	5.54
Abbey Gilt & F.I. Tst.	103.7	109.2	-0.6	11.99
Abbey Income	31.4	33.9	-0.1	10.35
Abbey W'Wide Bd Tst.	91.1	96.4	-0.3	6.95
Abbey Inv. Tst. Fd.	47.4	51.2	.....	4.96
Equitas Prog. Tst.	74.3	80.3	.....	5.09

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt Trust	86.4	90.9	-0.7	13.20

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	82.5	88.3	-0.3	6.53
Brit. Inds. Fund	70.9	75.9	+0.1	7.08
Growth & Income	46.5	49.8	+0.2	5.42
Elect. & Ind. Dev.	40.9	43.8	.....	5.71
Allied Capital	89.0	95.2	-0.1	4.62
Hambro Fund	122.4	131.0	-0.1	6.60
Hambro Acc. Fund	168.6	180.4	-0.1	5.04
Income Funds				
High Yield Fd.	60.3	64.5	-0.2	9.69
High Income	73.6	78.3	-0.1	8.11
A. H. Eq. Inc.	41.4	44.3	.....	8.26
Govt. Secs.	24.9	25.6	-0.1	12.23
International Funds				
International	33.4	35.7	-0.9	2.77
Pacific Fund	62.5	66.9	-0.1	1.23
Secs. Of America	69.2	74.0	+0.1	2.16
Specialist Funds				
Smaller Co.'s Fd.	51.6	55.2	.....	4.71
2nd Smlr. Co's Fd.	62.4	66.8	-0.2	4.49
Recovery Sits.	126.1	134.9	-0.3	5.63
Met. Min. & C'dty.	64.6	69.1	-0.3	5.50
Overseas Earnings	62.8	67.2	+0.1	5.49
Exempt Funds				
Income Exempt	46.4	48.7	-0.3	8.73
Far East Exempt	68.1	70.8	-0.2	2.12
Smaller Co. Exempt	79.8	83.8	-0.4	4.77
U.S.A. Exempt	117.5	122.2	+0.3	2.66

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	61.7	66.4	.....	4.30

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-726 4931

Inc. Monthly Fund	144.0	154.0	.....	12.06

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Capital†	34.0	36.6	.....	—
Commodity***	98.2	105.6	-1.7	2.53
(Accumulation)	153.6	165.2	-2.8	2.53
(10% Withdrawal)	74.0	79.6	-1.3	2.53
Eastern & Internat'l.†	38.5	41.4	.....	1.00
(6% Withdrawal)	27.0	29.1	.....	1.00
Extra Income	92.8	99.8	.....	10.08
(Accumulation)	111.1	119.5	+0.1	10.08
Finance & Property*	24.0	25.6	-0.1	4.33
Foreign††	124.5	133.9	.....	1.00
Giants	42.1	45.0	.....	5.38
(Accumulation)	54.9	58.7	-0.1	5.38
Gilt & Fixed	42.4	44.4	-0.3	12.15
(Accumulation)	44.8	47.0	-0.2	12.15
Growth	41.0	43.8	.....	4.81
(Accumulation)	53.9	57.6	.....	4.81
High Income	34.4	36.8	-0.1	10.47
(Accumulation)	56.0	59.9	-0.2	10.47
(8½% Withdrawal)	45.5	48.6	-0.2	10.47
High Yield	40.2	43.0	-0.2	11.88
(Accumulation)	70.5	75.4	-0.3	11.88
North American††	34.5	36.9	.....	1.00
Preference	21.9	23.6	+0.1	13.56
(Accumulation)	43.2	46.5	.....	13.56
Smaller Companies*	30.3	32.4	.....	5.45

Dealings: †Tues. *Wed. ††Thurs. ***Friday.

Archway Unit Tst. Mgs. Ltd.♥ (a)(c)
317, High Holborn, WC1V 7NL. 01-831 6233

Archway Fund	111.8	120.2	-2.7	5.50

Prices at Jan. 15. Next sub. day Jan. 22.

Barclays Unicorn Ltd.♥ (a)(c)(g)
Unicorn Ho. 252, Romford Rd., E7. 01-534 5544

Unicorn America	34.8	37.4	+0.1	1.34
Do. Aust. Acc.	147.8	158.9	-1.5	1.24
Do. Aust. Inc.	112.8	121.2	-1.1	1.24
Do. Capital	82.0	88.1	+0.1	5.15
Do. Exempt Tst.	115.3	123.9	.....	7.49
Do. Extra Income	27.9	30.1	.....	9.49
Do. Financial	98.4	105.8	+0.2	3.42
Do. 500	83.1	89.3	-0.1	6.43
Do. General	38.5	41.3	.....	5.88
Do. Gilt & Fxd. Int. Inc.	48.0	49.7	-1.2	12.72
Do. Growth Acc.	61.2	65.8	+0.2	4.22
Do. Income Trust	91.8	99.2	+0.3	7.36
Do. Prf. A'ns. Tst.	239.2	254.8	+0.7	3.93
Do. Recovery	53.0	56.9	.....	6.51
Do. Trustee Fund	135.3	145.4	+0.3	6.15
Do. W'ldwide Tst.	53.7	57.7	+0.1	5.35
B'tst. In. Fd. Acc.	94.5	98.4	+0.3	5.75
Do. Income	74.3	77.3	+0.2	5.75

Baring Brothers & Co., Ltd.♥ (a)(x)
88, Leadenhall St., EC3. 01-588 2830

Stratton Trust	248.2	258.6	.....	4.41
Do. Accum.	331.6	345.8	.....	4.44

Next sub. day Jan. 20.

Bishopsgate Progressive Mgmt. Co.♥
9, Bishopsgate, EC2. 01-588 6280

B'gate. Pr. **Jan. 6	265.7	282.3	.....	4.30
Acc. Units **Jan. 6	335.5	356.5	.....	4.30
B'gate. Int. Jan. 13	260.2	275.8	.....	1.78
(Accum.) Jan. 13	298.7	316.6	.....	1.78

Next sub. day Jan. 27. **Jan. 20.

Bridge Fund Managers (a)(c)
Regis Hse., King William St., EC4. 01-623 4951

Amer. Gen.	32.9	36.1	-0.6	1.58
Income*	54.9	59.7	.....	8.84
Capital Inc.†	57.9	61.6	.....	3.04
Do. Acc.†	68.4	72.8	.....	3.04
Exempt†	152.0	162.0	.....	6.79
Internl. Inc.†	21.2	22.6	.....	3.38
Do. Acc.†	25.6	27.3	.....	3.38

Dealing *Tues. ‡Wed. ‡Thurs. Prices Jan. 6/7/8.

Britannia Trust Management (a) (c) (g)
604, Salisbury Hse., 4th Flr., Finsbury Circus, London EC2N 5QL. 01-638 0478/0479

Britannia

Assets	89.5	92.6	.....	5.46
Capital Acc.	76.1	81.8	-0.2	4.47

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	33.0	36.1	+0.3	12.46
North American	58.4	63.7	-0.1	2.72
Canadian Exempt*	63.7	67.4	.....	3.47
Canadian Trust	64.5	69.7	+0.3	2.56
Mid Mount High Inc.*	46.2	48.9	.....	9.87
Recovery	55.1	60.2	+1.6	7.16
Gilt Trust	42.2	44.2	-0.3	13.09

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	38.5	41.5	+0.4	0.90
Cres. Internat'l.	73.3	79.1	-0.1	1.82
Cres. High. Dist.	39.0	42.1	-0.1	11.58
Cres. Reserves	46.9	50.6	.....	5.68
Cres. Tokyo	29.5	31.8	-0.1	0.98

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.0	25.5	.....	9.97

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NH. 01-638 4485

Disc. Inc. Jan. 9	215.6	230.0	.....	5.76

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	15.8	18.6	.....	9.03
Gt. Winchester O'seas	25.1	27.9	.....	4.01

Emson & Dudley Tst. Mngmnt. Ltd.
20b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	85.6	92.1	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	82.5	86.8	+0.1	5.00

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	31.7	34.4	+0.1	0.83
Amer. Spec. Sits. (z)	23.5	25.6	+0.2	0.92
Gilt + Fixed Int.	24.4	25.7	-0.1	12.56
Growth + Income	29.0	31.2	.....	7.94
Maximum Inc. Eq. Tst.	24.1	26.0	+0.2	9.36
Special Sits.	37.0	39.8	-0.2	2.01

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l.	35.3	37.9	.....	2.30
Accum. Units	43.8	47.1	.....	2.30
J. Finlay High Income	33.0	35.5	.....	10.47
Finlay Wld. Energy	18.4	19.8	.....	1.57
Accum. Units	23.7	25.5	.....	1.57
J. Finlay Fd. In. Tst.	37.2	40.0	.....	5.18
Accum. Units	47.1	50.6	.....	5.18

Prices on Jan. 14. Next dealing Jan. 21.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Amer. & Gen.	71.0	75.8	.....	0.87
Am. T'around	64.6	69.0	.....	1.77
Capital Tst.	56.4	60.2	.....	5.54
(Accum. Units)	58.6	62.6	.....	5.54
Extra Income Trust	46.2	49.2	.....	11.07
Income Tst.	36.4	38.8	.....	8.64
Int. Growth Fd.	56.8	60.6	.....	1.91
(Accum. Units)	60.8	65.0	.....	1.91

Friends' Provdt. Trust Mgrs. (a) (b) (c).
Pixham End, Dorking. 0306 5055

Friends Prov. Units	56.5	60.4	-0.2	4.86
Do. Accum.	81.4	87.9	+0.6	4.86

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Dec. 31	142.6	143.0	.....	4.90
Gross Inc. Dec. 31	79.4	80.4	.....	11.82
High Yield Dec. 31	90.9	94.2	.....	11.04

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16, Finsbury Circus, EC2M 7DJ. 01-628 8131

G.T. Cap. Income	139.1	149.5	.....	2.40
Do. Acc.	176.5	189.7	.....	2.40
G.T. Inc. Fd. Un.	195.4	210.1	.....	8.80
G.T. U.S. & Gen.	191.4	205.7	.....	1.70
GT Wld. Bd. Fd.	93.4	97.2	.....	6.20
G.T. Japan & Gen.	96.0	103.2	.....	1.10
‡Gt. Pens. Ex. Fd.	324.6	341.6	.....	1.60
G.T. Int'l. Fund	229.0	246.2	.....	1.90
G.T. Four Yds. Fd.	48.9	52.5	.....	7.10
G.T. Far East & Gen.	93.8	100.8	.....	1.40

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood (0277) 227300

G. & A.	39.7	42.4	-0.1	5.50

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

American Trust	38.7	41.7	+0.1	0.40
British Tst. (Acc.)	81.8	88.0	+0.4	3.25
British Tst. (Dist.)	81.8	88.0	+0.4	3.25
Commodity Share	52.3	56.3	-0.2	3.66
Extra Income Tst.	20.1	21.7	.....	11.35
Far East Trust	57.2	61.5	+0.7	1.25
Gilt Trust	23.5	24.5	-0.2	12.85
High Income Tst.	52.4	56.4	.....	11.05
Income Fund	75.1	80.8	.....	7.66
Ins. Agencies	16.24	17.39	-0.09	5.02
Intl. Exempt Fd.	104.5	114.1	-0.2	5.54
Intl. Tst. (Acc.)	51.4	55.3	+0.6	1.15
Intl. Tst. (Dist.)	51.4	55.3	+0.6	1.15
Japan Trust	26.9	28.7	.....	0.28
Special Sits. Tst.	39.2	41.8	-0.1	1.41

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

Extra Income	27.7	30.2	.....	10.80
Income	36.7	39.9	-0.1	10.59
Accumulation	85.4	92.9	.....	4.60
Growth	48.2	52.4	+0.1	4.40
UK Mkt. Leaders	50.5	54.4	-0.1	5.60
Small Co's	42.7	46.5	-0.1	4.50
Technology	59.8	65.0	+0.3	4.90
Private	54.6	59.4	.....	3.00
Intl. Erns. & Assets	50.8	55.3	-0.1	4.50
American	27.9	32.2	+0.2	1.00
Far East & Gen.	39.0	42.0	.....	1.80

Govett (John)
77 London Wall, EC2 01-588 5620

Stockholder Jan. 2	165.0	175.5	.....	2.19
Do. Accum. Unit	218.1	223.3	.....	2.19
St. European	65.9	69.3	.....	2.28

Next dealing January 16.

Grieveson Management Co. Ltd.
59 Gresham Street, EC2P 2DS. 01-606 4433

Barr'gtn. Jan. 14	286.1	303.3	.....	5.42
(Accum. Units)	341.8	362.3	.....	5.42
Barrgtn. H.Y. Jan. 15	153.8	163.7	-5.7	11.64
(Accum. Units)	215.9	229.7	-8.0	11.64
Brghm. Sm. Jan. 9	118.6	126.2	.....	4.42
Endeav. Jan. 13	365.4	382.6	.....	0.83
(Accum. Units)	394.5	413.0	.....	0.83
Granchtr. Jan. 9	109.1	115.0	.....	2.21
(Accum. Units)	119.2	125.6	.....	2.21
Ln. & Brnss. Jan. 14	73.7	77.5	.....	3.29
(Accum. Units)	84.2	88.3	.....	3.29

Guardian Royal Ex. Unit Mgrs. Ltd.
Royal Exchange, EC3P 3DN 01-628 8011

(ag) Guardhill Tst.	120.4	124.7	+0.4	4.95

Henderson Administration (a) (b) (c)
Premier UT Admin., 5, Rayleigh Road, Hutton, Brentwood, Essex. 0277 217238

U.K. Funds

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980-81 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99⅜	90¾	Treasury 3½pc 1979-81	99⅛xd	.....	3.52	12.78
99⅜	93⅝	Treasury 9¾pc 1981‡‡	99⅜	+⅛	9.82	13.07
97⅞	91¼	Exch. 8¼pc 1981	97⅞	.....	8.43	13.74
98⅜	92¼	Exch. 9½pc 1981	98⅛xd	.....	9.69	13.44
94½	85½	Exch. 3pc 1981	94⅛xd	.....	3.18	13.03
99⅜	96½	Treas. Variable '81‡‡	99⅜	.....	13.53	14.38
100⅛	95⅛	Exch. 12¾pc 1981‡‡	99¾	.....	12.78	12.97
96⅜	85½	Treas. 8½pc '80-82‡‡	96¼xd	−⅛	8.83	12.52
93½	82½	Treasury 3pc '82	93¼xd	.....	3.21	9.48
102⅝	96⅝	Treasury 14pc '82‡‡	100⅞	.....	13.90	13.30
98⅞	94⅛	Treas. Variable '82‡‡	98⅜	.....	13.61	14.52
94⅜	86⅛	Treasury 8¼pc '82	93⅞	−⅛	8.79	12.98
94⅜	86⅝	Exch. 9½pc 1982	93⅞	−⅛	9.85	13.39
93½	85	Exch. 8¼pc 1983	92¼	−⅛	9.43	13.03
86⅞	76½	Exch. 3pc 1983	86¼xd	+¼	3.48	10.36
86½	82	Exch. 3pc 1983 A	86¼xd	+¼	3.48	10.56
98⅞	90⅞	Treasury 12pc 1983‡‡	97⅞	−⅛	12.32	13.41
96⅞	90⅝	Treas. Variable '83‡‡	96¾	.....	13.87	15.05
93⅛	84½	Treasury 9½pc '83	92¼xd	−⅛	10.02	13.00
102⅛	94¾	Exch. 13½pc '83	100¼	−⅛	13.46	13.35
93¼	84½	Exch. 10pc 1983	92¼	−⅛	10.84	13.28
84¾	76½	Funding 5½pc '82-84‡‡	84⅝	+¼	6.50	11.73
97⅛	87¼	Exch. 11¼pc 1984	94⅞xd	−⅛	11.85	13.36
104⅛	94½	Exchequer 14pc 1984	101⅛	−¼	13.76	13.35
78¾	68¾	Exch. 3pc 1984	78¼	.....	3.80	10.56
99¾	88¾	Treasury 12pc 1984	96⅜	−⅛	12.45	13.24
109⅛	98	Treasury 15pc 1985	104⅞	−⅛	14.30	13.41
73½	69	Treasury 3pc 1985	73⅜	−⅛	4.09	10.86
72⅞	71¼	Do. Ae	72⅞	.....	4.13	11.11
103¾	96¾	Exch. 12¼pc 1985	96¾	−¼	12.66	13.16

Five to Fifteen Years

1980-81 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
97⅞	93½	Exch. 11¾pc '86	96⅛	−¼	12.49	13.38
90⅛	79¾	Treasury 8½pc '84-86‡‡	85	−⅛	10.01	12.40
105⅜	91	Exch. 13¼pc 1987	98¾xd	.....	13.38	13.51
81½	70¾	Funding 6½pc '85-87‡‡	78⅝	−¼	8.41	11.70
97	91½	Treas. 12pc 1987	94⅛	−¼	13.05	13.34
82½	72¼	Treasury 7¾pc '85-88‡‡	76⅞xd	−⅛	10.05	12.79
65	54⅞	Transport 3pc '78-88	61⅝	−⅛	4.87	10.60
98	83	Treasury 11½pc 1989	91⅝	−⅛	13.25	14.29
30	24¾	Do. A (£30pd)	25⅜	−⅛	13.24	14.27
68	58⅛	Treasury 5pc '86-89	64	−⅛	7.97	11.99
104½	89¼	Treasury 13pc 1990‡‡	95¼xd	−⅝	13.67	13.98
82	69⅞	Treasury 8¼pc '87-90‡‡	75⅞	−½	10.97	12.87
96⅞	82½	Treasury 11¾pc 1991	86½	−⅝	13.61	14.37
66⅛	57½	Funding 5¾pc '87-91‡‡	63⅞	−⅛	9.23	12.35
92¼	78⅛	Exch. 11pc 1991	84⅝	−¼	13.39	14.28
102	87⅛	Treasury 12¾pc '92‡‡	91¾xd	−¼	13.86	14.22
86⅜	74⅜	Treasury 10pc 1992	77⅞xd	−⅛	12.76	13.99
100⅝	84¾	Exch. 12¼pc '92	93	−⅝	13.89	14.36
103⅞	94¼	Exchequer 13½pc '92	98¾	−½	14.29	14.48
100½	85½	Treasury 12½pc '93‡‡	90¼	−½	13.86	14.21
66⅝	54⅝	Funding 6pc 1993‡‡	62¼	−⅛	9.56	12.25
107⅞	95½	Treasury 13¾pc 1993‡‡	98⅜	−⅝	14.21	14.37
115	96⅝	Treasury 14½pc '94‡‡	105⅞	−⅝	14.43	14.42
103⅝	96	Exchequer 13½pc 1994	97⅝	−½	14.26	14.40
100½	85½	Exch. 12½pc 1994	94⅛	−½	14.03	14.33
81¼	69⅝	Treasury 9pc '94‡‡	74¼	−⅝	12.36	13.36
97⅛	82	Treasury 12pc '95	86⅞xd	−⅛	13.84	14.22
50⅛	42⅝	Gas 3pc '90/95	48⅛	−⅛	6.31	9.97
86⅞	75⅞	Exch. 10¼pc 1995	77⅞xd	−⅝	13.22	13.90
102½	87½	Treasury 12¾pc '95‡‡	93⅛	−1	14.01	14.21

Over Fifteen Years

1980-81 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
109¼	94⅛	Treas. 14pc '96	97⅛xd	−1	14.38	14.44
81½	67¾	Treasury 9pc '92/96‡‡	74⅜	−¼	12.54	13.40
118⅜	99½	Treasury 15¼pc '96‡‡	107¼	−1	14.64	14.56
105⅞	90⅛	Exchequer 13¼pc '96‡‡	95⅞	−1	14.15	14.28
50⅛	41¾	Redemption 3pc 1986-96	48¼	−¼	6.35	9.52
105¼	89	Treasury 13¼pc '97‡‡	93⅜xd	−⅝	14.10	14.22
87⅞	74⅜	Exchequer 10½pc 1997	77⅞	−⅝	13.30	13.81
80	65⅞	Treasury 8¾pc 1997‡‡	73¼	−¼	12.50	13.26
66⅛	54¾	Treasury 6¾pc '95-98‡‡	60⅜	−1	11.44	12.64
121¾	101	Treas. 15½pc '98‡‡	110⅞	−⅜	14.58	14.46
98½	83⅝	Exch. 12pc 1998	87⅞	−⅞	13.95	14.16
94⅝	88⅞	Do. A	89¼	−⅞	13.97	14.15
83⅞	69¾	Treasury 9½pc 1999‡‡	74⅛xd	−⅝	12.82	13.35
101¼	82⅞	Exch. 12¼pc 1999	87⅛	−⅞	14.02	14.19
20	13⅞	Do. 'B' (£20pd)●	18⅞	−⅛	13.83	14.00
88½	75⅝	Treasury 10½pc 1999	80	−⅝	13.40	13.76
103¾	92¼	Treas. 13pc 2000	92¼	−⅞	14.10	14.20
110⅝	94⅛	Treas. 14pc '98-01	99⅞	−1	14.32	14.35
97½	81⅞	Exch. 12pc '99-02	85⅞xd	−1	13.94	14.08
108⅝	91¾	Treas. 13¾pc 2000-03	96½xd	−⅞	14.19	14.23
97	78⅞	Treasury 11½pc '01-04	87¼	−⅞	13.77	13.89
42¾	34⅞	Funding 3½pc '99-04	38½	−⅜	9.09	10.71
102	85⅝	Treasury 12½pc '03-05	92	−⅞	13.87	13.91
72⅞	59¾	Treasury 8pc '02-06‡‡	67	−⅝	12.35	12.65
96½	80¼	Treasury 11¾pc 03-07	85⅛xd	−1	13.77	13.85
92¾	86⅛	Do. 'A'	86⅛	−¾	13.79	13.85
109	94½	Treas. 13½pc '04-08	100⅜	−⅞	14.02	14.03
53¾	42⅞	Treasury 5½pc '08-12‡‡	49¼	−½	11.62	11.95
70¼	57½	Treasury 7¾pc '12-15‡‡	62⅞xd	−⅝	12.58	12.51
101½	85⅞	Exch. 12pc '13-'17	91⅛	−⅞	13.33	13.34

Undated

1980-81 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
34⅞	29	Consols 4pc	31¼xd	−¼	12.72	—
33¼	28⅞	War Loan 3½pc‡‡	30⅝	−⅛	11.59	—
37¼	32¼	Conv. 3½pc '61 Aft.	36⅞	−⅛	9.76	—
25⅞	21⅝	Treasury 3pc 66 Aft.	24½	−⅛	12.66	—
22⅞	19½	Consols 2½pc	20½	−⅛	12.25	—
22	17⅞	Treasury 2½pc	20⅞	−⅛	12.72	—

INTERNATIONAL BANK

1980-81 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
88	78	5pc Stock '77-82	87¼	.....	5.73	14.23

CORPORATION LOANS

1980-81 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
97¾	83⅝	Bath 11¾pc 1985	91¾	.....	12.26	13.63
98¾	85½	Birm'ham 12½pc 1985	95½	.....	13.05	13.30
99¾	96¾	Bristol 13¾pc 1981	99¾	.....	13.72	13.07
102¼	90	Burnley 13pc 1987	97½	.....	13.55	13.96
95¼	82¾	Cardiff 11pc 1986	91½	.....	12.35	13.79
98½	93	G.L.C. 12½pc '82	98¼	.....	12.72	13.96
98¾	90¾	Do. 12½pc 1983	97¼	.....	12.85	13.84
92½	84¾	Glasgow 9¼pc '80-82	92½	.....	10.09	14.01
77	64½	Herts 6½pc 1985-87	72¼xd	.....	9.30	13.11
90½	81¼	Liverpool 9½pc '80-84	89½	.....	10.90	13.77
27	24	Do. 3½pc Irred.	25	.....	14.31	—
100¼	92¼	Lon. Corp. 13¼pc '83	98½	−¼	13.45	13.88
94	79¼	Do. 9½pc '84-85	88	.....	10.51	12.69
80½	71	L.C.C. 5½pc '82-84	79	.....	6.96	13.17
71¼	60½	Do. 5½pc '85-87	68	.....	8.15	13.15
71¼	60¾	Do 6¾pc '88-90	66½	.....	10.16	13.01
24	21	Do. 3pc '20 Aft.	23	.....	13.46	—
97½	87¼	Sunderland 12¼pc 1984	95½	.....	12.83	13.74

COMMONWEALTH AND AFRICAN LOANS

1980-81 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
92½	82¼	Aust. 5½pc '81-82	92½	.....	6.05	13.66
85¼	72½	Do. 6pc 1981-83	83¾	.....	7.23	13.26
67¾	58	N.Z. 7½pc 1988-92	63¾	.....	11.42	13.63
82¾	72	Do. 7½pc '83-86	78	.....	9.69	13.50
97¼	88	Sth. Africa 9½pc '79-81	97¼	.....	9.96	15.80
160	95	S. Rhod. 2½pc Non-Ass.	121	+2	—	—
49	31	Do. 3½pc 80-85 Asstd	48	+2	7.58	22.80
32	20½	Do. 4½pc 87-92 Asstd.	28xd	.....	16.07	22.20
365	270	Zimbabwe Ann (£100pa)	370	+8	—	23.92

LOANS

Public Board and Ind.

1980-81 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
64½	56½	Agric. Mt. 5pc '59-89	61⅜	.....	8.12	12.48
84	73½	Alcan 10½pc '89-94	76½	.....	14.73	15.80
30	25	Met. Wtr. 3pc 'B'	25¾	.....	10.35	13.04
104½	89	U.S.M.C. 9pc 1982	103	.....	8.86	—
93	85½	Do. without Warnts.	93	.....	9.80	12.30

Financial

1980-81 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101½	95½	FFI 14pc '83	99¼	.....	14.04	14.10
90½	79½	FFI(UK Fn)5½pcDb. '80-2	90	.....	6.11	13.40
82½	71½	Do. 6½pcDb. '81-84	81	.....	7.83	12.90
93	80½	Do. 10½pc Uns.Ln. '86	87½	.....	12.00	14.05
92½	77	Do. 11pc Uns Ln. '88	88	.....	12.50	13.35
96	82	Do. 11¾pc Uns.Ln. '90	86½	.....	13.58	14.50
101	84½	Do. 12½pc Un. Ln. 1992	93	.....	14.01	14.50
67	56	Do. 7¼pcADeb. '89-92	60½	.....	12.20	14.59
66½	52½	Do. 7½pcADeb. '91-94	60	.....	12.61	14.40
76½	64½	Do. 9pc 'A' '91-94	71	.....	13.24	14.40
71½	61	Do. 8⅞pcLn. '92-97	68	.....	13.88	14.60

FOREIGN BONDS & RAILS

1980-81 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
82	43	Antofagasta Rly	62½	.....	—	—
55	50	Do. 5pc Pref.	55	.....	—	—
98	98	Chilean Mixed	98	.....	3	f3.10
58	18	Chinese 4½pc 1898	26	+1	—	—
45	17	Do. 5pc 1912	18	+1	—	—
24	11	Do. 5pc 1913	15	+1	—	—
24	11	Do. 5pc '25 Boxer	12½	+½	—	—
97	88¼	Denmark 13pc 2005	86¼	−½	13	14.86
36	28½	Greek 7pc Ass.	36	.....	3½	f9.90
35	31	Do. 6pc 28 Stb. Ass.	33	.....	3	f9.31
34	30	Do 4pc Mixed Ass.	30xd	.....	2	f6.87
53	51	Hung. '24 Ass	51	.....	2¼	15.44
65	50	Iceland 6½pc '83-88	62	.....	6½	15.60
89¾	79	Ireland 7½pc '81-83	86¼xd	.....	7½	14.29
87¼	71¼	Do. 9¾pc '91-96	78¼	.....	9¼	13.72
235	185	Japan 4pc '10 Ass	190	.....	—	—
79	56	Do. 6pc '83-88	79xd	.....	6	9.26
160	155	Peru Ass. 2007	160	.....	5.22	f3.29
594½	579	Turin 9pc 1991	579	.....	—	f11.39
DM92½	DM90	Turin 6½pc 1984	DM90	.....		9.45
96	96	Uruguay 3½pc	96	.....	3½	3.90

AMERICANS

1980-81 High	Low	Stock	Price £	+ or −	Div. Gross	C'vr	Y'ld Gr's
37¼	16⅛	ASA	24¾	−⅛	$4.00	—	6.7
34	27½	AMF 5% Conv.'87	27⅝	.....	5%	—	f11.7
24⅞	15⅞	Abbott Labs.ǁ	23⅜xd	−⅛	$1.20	—	2.1
25¼	16⅜	Amax $1	16⅝	−⅛	$2.40	—	6.0
21⅞	11½	Amer. Express $0.60	17⅝	−⅛	$2.00	—	4.7
18⅝	862p	Amer. Medical Intl. $1	17¼	−½	64c	—	1.5
24⅞	13⅝	Asarco Inc. ǁ	16½	.....	$1.55	—	3.9
22½	11⅞	Baker Intnl. Corp. $1	18¾	.....	40c	—	0.9
26½	16¼	Bankers N.Y. $10	25¼	−⅛	$3.70	—	6.7
10⅝	650p	Barnes Grp. $6⅔	856p	+2	$1.00	—	4.8
24⅞	16⅞	Bendix Corp. $5	23½	−¼	$3.00	—	5.3
12	830p	Beth Steel $8	10½	−⅛	$1.60	—	6.3
12	597p	Brown'g Fer. c16⅔	988p	+6	84c	—	3.5
711p	453p	Brunswick Corpn ǁ	650p	+18	90c	—	5.8
37⅞	19¾	Burroughs Corp. $5	21½	−⅛	$2.60	—	5.1
24	18¾	CBS $2.50	19⅞	.....	$2.80	—	5.9
31⅝	24½	C.P.C. $½	26⅜	−⅛	$3.40	—	5.4
27⅛	19¾	Caterpillarǁ	24xd	−⅛	$2.40	—	4.2
20⅝	15⅛	Chase M'htn.$12.5	19¾	.....	$2.60	—	5.9
13¼	899p	Chesebrough $1	13⅛	+¼	$1.28	—	4.1
485p	178p	Chrysler $6¼	215p	−1	—	—	—
10⅞	738p	Citicorp $4	978pxd	+7	$1.42	—	6.0
12½	665p	City Inv. $1.25	874p	−8	$1.50	—	7.1
19⅝	10	Do. Cm. Prf. B $1	13⅜	.....	$2.00	—	6.1
717p	519p	Colgate-P. $1	623p	−8	$1.12	—	7.4
23⅛	10⅝	Colt Inds. $1	18½	.....	$2.90	—	6.5
31	18½	Conoco $5	25⅝	+¼	$2.20	—	3.6
14½	819p	Cont. Illinois $10	13⅞	−⅛	$1.80	—	5.4
25¾	15⅛	Crown Zell. $5	18¾	+½	$2.30	—	5.1
10½	802p	Damson Oil US$0.4	850p	.....	—	—	—
14¼	972p	Eaton Crp. $0.50	11½	.....	$1.72	—	6.2
26½	11⅛	Esmark $1	20⅞xd	.....	♦$1.01	—	3.7
37⅞	23⅛	Exxon ǁ	32½	−⅝	$6.00	—	7.7
719p	529p	First Chicago $5	681p	−13	$1.20	—	7.3
29⅞	21	Fluor Corp. $⅝	23⅛	−⅞	80c	—	1.4
15⅝	790p	Ford Motor $2	837p	+2	$1.20	—	6.0
28½	11⅜	GATX $⅝	16	+¼	$2.20	—	5.7
26¼	20	Gen. Elect.$2½	25⅞	−¼	$3.00	—	4.9
12⅝	868p	Gillette $1	12½	.....	$1.90	—	6.3
48½	29¼	Honeywell $1.50	43⅝	.....	$5.00	—	2.9
23¾	716p	Houston Oil $0.10	21xd	.....	♦60c	—	1.6
16½	456p	Hutton (E. F.) $1	13⅛	+¼	80c	—	2.5
31⅝	22⅞	I.B.M. Corp. $1.25	27¾	.....	$3.44	—	5.2
33¾	23⅝	Ingersoll-R $2	30xd	.....	$3.32	—	4.6
10	454p	I. U. Internationalǁ	790p	−7	♦$1.20	—	5.8
12⅝	776p	Kaiser Al. $⅓	978p	−47	$1.40	—	6.0
524p	290p	Lionel Corp. $0.10	310p	.....	20c	—	2.7
16¼	975p	Lone Star Inds.	13¼	+⅝	$1.65	—	5.2
26½	15⅛	Louisiana Land $0.15	19⅛	.....	$1.60	—	3.9
15⅛	11½	Manf. Han. US$7.50	13⅛	−¼	$2.72	—	8.6
16½	515p	Merrill Lynch $1	14⅝	−⅛	$1.12	—	3.2
22⅞	17½	Morgan (JP) US$2.5	23⅛xd	−⅛	$3.10	—	6.0
749p	615p	Norton Simon Inc. $1	655p	+8	$1.08	—	6.9
21¼	18¼	Pennzoil	19xd	−⅛	$2.00	—	4.4
14⅝	10⅞	Quaker Oats US$5	13xd	−⅛	$1.60	—	5.1
33	24⅔	Reliance $0.25	27⅞	−⅛	$3.00	—	4.5
14⅝	600p	Rep. N.Y. Corp. $5	14	−⅛	$1.04	—	3.1
839p	651p	Rexnord $5	738p	+2	$1.04	—	5.9
16⅝	815p	Richdsn.-Mrrll.$1¼	16⅔	+⅛	$1.32	—	3.4
18⅞	10⅛	Rockwell Intl. $1	17	.....	h$1.40	—	3.4
444p	234p	Saul (B. F.) $1	421p	+19	—	—	—
26⅞	11⅜	Shell Oil $1	21⅞	−⅛	$1.60	—	3.1
26⅞	18¾	Sperry Corp. $0.50	25¼xd	.....	$1.76	—	3.8
25⅛	13	Sun Co. Inc.	18⅞	.....	$1.30	—	4.0
25⅞	15⅜	TRW Inc. $1¼	24½	.....	$2.20	—	3.7
24⅝	14⅞	Tenneco $5	20¼xd	−⅛	$2.60	—	5.3
192½	125	Do. 10% Ln. Stk. 91-95	162	.....	10%	—	f6.2
11	736p	Tesoro Pt. US$0.16⅔	816p	−4	30c	—	1.5
23	12¾	Texaco $6.25	19¼	+⅛	$2.60	—	5.6
26⅞	17⅛	Time Inc. $1	24⅛	.....	$1.60	—	3.1
854p	665p	Transamerica $1	759p	−3	$1.28	—	7.0
23¼	20½	Union Carbide $1	23⅛	.....	$3.20	—	5.8
26⅞	17⅛	Utd. Tech. $US5	23¾	−½	$2.20	—	3.9
10⅞	726p	U.S. Steel $1	10¼	.....	$1.60	—	6.5
12⅛	967p	Woolworths $3½	10⅛	−⅛	$1.80	—	7.2
29⅞	21⅞	Xerox Corp. $1	24⅞	−½	$2.80	—	4.7
31⅝	11¼	Zapata Corp. 25c.	27½xd	+¼	48c	—	0.7

CANADIANS

1980-81 High	Low	Stock	Price £	+ or −	Div. Gross	C'vr	Y'ld Gr's
12¾	865p	Bk. Montreal $2	11⅛	−⅛	$1.60	—	5.0
13⅛	870p	Bk. Nova Scot. $1	11½	−½	$1.62	—	5.2
800p	650p	Bell Canada $8⅓	685p	−10	$1.80	—	9.2
954p	435p	Bow Valleyǁ	716p	.....	10c	—	0.5
13⅞	820p	Brascanǁ	12⅛	−¼	♦$1.20	—	3.4
10⅝	860p	Can. Imp. Bk. $2	965p	−5	$1.80	—	6.5
18⅞	13⅛	Can. Pacific $5	14½xd	+⅛	$1.90	—	4.6
34	27	Do. 4pc Deb. £100	30¾	.....	4%	—	13.0
11⅛	656p	Can. P. Ent.ǁ	648p	−10	$1.12	—	4.6
14¼	725p	Gulf Can.ǁ	820p	−10	44c	—	1.9
10½	570p	Hawker Sid. Can.ǁ	795p	−15	96c	—	4.2
22⅞	12¾	Hollinger $5	16¼	.....	‡$2.20	—	4.6
11⅞	612p	Hudson's Bay ǁ	812pxd	−35	♦$1.20	—	5.2
14¼	765p	Hud. B. Oil G. $2½	810p	.....	$7.5c	—	2.5
21⅞	11¼	Imperial Oilǁ	11⅝	.....	$1.40	—	4.2
14	770p	Incoǁ	815p	−5	$US72c	—	3.7
565p	425p	Int. Nat. Gas $1	485p	−6	$1.00	—	7.2
495p	145p	Massey Ferg.ǁ	165p	.....	—	—	—
200p	97p	Place Gas $1	110p	−5	—	—	—
14⅞	10½	Rio Algom	12¼	−⅛	$1.50	—	4.3
21¾	14¼	Royal Bk. Can. $2	21⅛	−⅛	$2.88	—	4.8
27½	15⅜	Seagram Co. C$1	25⅛	−⅛	US$1.40	—	2.3
13⅞	890p	Tor. Dom. Bk. $1	11¼xd	+⅛	$1.52	—	4.5
10½	750p	Trans Can. Pipe	815p	.....	$1.16	—	5.0

BANKS AND HIRE PURCHASE

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
272	202	ANZ $A1	270	+3	♦Q24c	3.6	5.4	6.3
280	163	Alexanders D. £1	273	.....	16.0	—	8.4	—
£76½	£53½	Algemene Fl.100	£54	.....	†Q25%	1.9	9.3	5.8
425	290	Allen Harvey £1	372	+2	21.5	—	8.3	—
128	96	Allied Irish	110	−2	†Q5.7%	—	6.6	—
18	13	Ansbacher (H.) 5p	16¼	.....	0.15	—	1.3	—
248	180	Arbuthnot L. £1	248	.....	11.0	—	6.3	—
360	275	Bk. Ireland £1	275	−5	†Q3.8%	—	7.1	—
*10	5	Bk. Leumi $0.1	6	.....	†Q27%	—	3.7	—
180	100	Bk. Leumi (UK) £1	180	.....	†8.57	—	6.8	—
178	135	Bk. N.S.W. $A1	150	+3	Q18c	φ	5.8	φ
320	235	Bank Scotland £1	288	−2	†15.0	5.1	7.4	3.6
492	327	Barclays £1	410	−7	M18.5	5.9	6.4	3.2
435	274	Brown Shipley £1	370	.....	13.0	—	5.0	—
393	263	Cater Ryder £1	348	.....	21.0	—	8.6	—
105	61	Charterhouse Gp.	86	+1	†4.1	1.7	6.8	(10.4)
*74	30	Clive Dis'nt 20p	41	.....	‡2.12	—	‡	—
156	124	Com'l Aus. ($A1)	142	+2	Q20c	2.9	6.8	5.0
935	545	Com'zbk DM 10	555	.....	—	—	—	—
£105⅜	800	C'hgn. Hbk. Kr100	925	.....	Q13%	—	9.9	—
£19¼	£14⅛	Cred. France F75	£15½	.....	Q12.5%	—	5.6	—
18	9	Dawes (G. R.)	18	.....	—	—	—	—
£71¼	£53½	Deutsche Bank DM50	£59⅜	.....	Q18.12%	—	5.1	—
445	370	♦Durbar Grp. £1	445	.....	b6.2	4.4	2.0	16.2
117	52	F. C. Finance	105	.....	♦‡2.2	1.3	‡	(31.8)
34¼	9¼	First Nat. 10p	23¼	+¼	—	—	—	φ
5¼	1½	Do. Wrts 75-83	4½	.....	—	—	—	—
310	192	Gerrard Natnl.	298	−2	11.5	—	5.5	—
225	155	Gillett Bros. £1	218	.....	10.5	—	6.9	—
34	21½	Goode D't Mry. 5p	30	.....	0.75	—	3.6	—
176	116	Grindlays	155	.....	†3.75	5.7	3.5	5.4
148	86	Guinness Peat	112	.....	7.0	—	8.9	—
705	278	Hambros	570	−5	†16.5	—	4.1	—
162	73	Hill Samuel	135	.....	†5.85	—	6.2	—
191	101	Hong Shng. $2.50	183	+1	tQ54c	—	2.4	—
86	54	Jessel Toynbee	78	.....	4.62	—	8.5	—
205	120	Joseph (Leo) £1	205	.....	9.5	—	6.6	—
94	60	King & Shax 20p	84	.....	5.0	—	8.5	—
274	120	Kleinwort B.L.	238	.....	†6.5	—	3.9	—
358	277	Lloyds £1	327	+2	†14.25	7.4	6.2	2.6
64	32	Manson Fin. 20p	58	.....	♦3.5	1.2	8.6	13.4
250	145	Mercury Secs	215	.....	6.5	—	4.3	—
384	308	Midland £1	325	.....	20.0	5.3	8.8	2.8
£81	£67½	Do. 7½% 83-93	£69	.....	Q7½%	32.7	f11.1	—
£86	£74¼	Do. 10¼% 93-98	£77¼	.....	Q10¼%	32.7	f14.6	—
72½	37½	Minster Assets	64½	−1	3.9	1.3	8.6	12.5
145	113	Nat. Bk. Aust. $A1	130	.....	Q18c	2.8	6.7	5.3
428	305	Nat. West. £1	356	−4	†17.5	7.1	7.0	2.2
£70	£46	Ottoman Bank £20	£51	+1	Q31%	—	6.1	—
118	75	Royal Bk. of Scot.	93	.....	4.9	5.3	7.5	3.4
350	197	Schroders £1	330	+10	h8.5	—	3.7	—
280	200	Seccombe MC £1	240	.....	16.0	—	9.5	—
£14¾	£10⅝	Sec. Pacific Corp.	£14¾	.....	Q$2.0	—	6.1	—
130	95	Smith St. Aub.	165	.....	†8.0	—	6.8	—
685	465	Stand'd Chart £1	645	−10	†26.0	3.3	5.8	6.6
530	513	Trade Dev. $1.50	525	.....	Q75c	—	3.0	—
540	345	Union Disc £1	495	.....	20.0	0.5	5.8	—
69	35	U.D.T.	49	+11	♦—	—	—	9.6
£127⁄₈	£10	Wells Fargo $5	£12	−½	Q$1.92	—	6.7	—
£74	£42	Westland: Utr. FL50	£42½	.....	Q48%	2.9	11.3	—
94	62	Wintrust 20p	86	.....	2.92	—	4.8	—

Hire Purchase, etc.

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
36	22	Cattle's (Hdgs) 10p	24½	+½	‡2.1	1.0	‡	(11.9)
£39¼	£29	Cie B'cre Fr.100	£29	.....	Q15%	—	4.8	—
*182	117	Lloyds & Scot.20p	138	−8½	5.75	φ	6.0	φ
54	32	Lnd.Scot.Fin.10p	50	.....	2.03	2.3	5.8	10.0
*24	12¾	Moorgate Merc. 10p	20xd	.....	§0.9	1.8	6.4	(18.5)
151	91	Prov. Financial	120	−1	†6.45	2.2	7.7	7.7
*14	2	Strlg. Credit 1p	8	.....	0.39	—	7.0	—
*16	6½	Sturla Hldgs. 10p	13	.....	—	—	—	28.5
52	32	Wagon Finance	34	−1½	2.31	1.3	9.7	11.2

BEERS, WINES AND SPIRITS

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
89	62	Allied Brews.	64	+1	♦5.0	1.9	11.2	(5.6)
60	35	Amal. Dst.Pr.10p.	46	.....	1.0	1.3	3.1	(32.2)
243	188	Bass	190	−2	8.6	2.6	6.5	7.7
39	24	Belhaven Brewery	30	+1	—	—	—	26.3
197	152	Bell Arthur 50p	156	+2	6.06	3.9	5.6	5.1
111	68	Boddingtons	100	.....	†h2.5	2.7	3.6	15.0
104	78	Border Brew's	56	.....	†4.5	2.5	7.5	6.8
150	124	Brown (Matthew)	134	.....	5.69	2.5	6.1	8.9
51	41	Buckley's Brew.	42	.....	2.35	2.3	8.0	7.4
198	142	Bulmer(H.P.)	179	.....	8.54	2.2	6.8	(7.8)
258	240	Burtonwood	251xd	.....	†4.51	6.1	2.6	9.1
85	56	City Lon. Def.	75	.....	H4.4	1.1	8.5	15.7
154	122	Clark (Matthew)	122	.....	7.5	2.7	8.8	6.1
235	178	Distillers 50p	179xd	.....	♦10.75	2.9	8.6	4.9
56	34	Gordon (L.) 10p	36	.....	1.5	4.0	6.0	4.6
230	157	Greenall Whitley	214	.....	6.25	φ3.4	4.2	9.3
244	164	Greene King	230xd	.....	†5.5	3.3	3.4	12.7
97½	71	Guinness	72	.....	4.9	2.2	9.7	5.3
148	84	Highl'd Dist. 20p	86	+1	2.6	2.6	4.3	10.3
237	155	Invergordon	155	−2	4.0	3.6	3.7	8.3
84	57	Irish Distillers	57	.....	Q15.6%	φ	5.6	φ
625	460	Macallan, Glen.	460	.....	6.49	2.3	2.0	(24.9)
73	53½	Marston Thompson	57	.....	1.62	3.9	4.1	8.8
133	87	Morland	133	.....	3.75	2.3	4.0	15.6
70	52½	Scott & New 20p.	56	+1	♦4.37	1.9	11.5	5.4
210	87	Tomatin	87	.....	‡3.75	2.8	‡	6.6
165	129	Vaux	135	.....	6.83	2.4	7.2	6.9
174	125	Whitbread 'A'	134	−1	6.0	2.8	6.4	6.4
200	135	Wolv. Dudley	174	.....	5.0	3.3	4.1	10.1
192	155	Young Brew 'A' 50p.	182	.....	†4.3	3.5	3.4	9.2

BUILDING INDUSTRY, TIMBER AND ROADS

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
148	79	Aberdeen Const.	146	.....	†5.75	3.1	5.6	8.2
204	117	Aberthaw Cem.	184	+4	†8.44	2.1	6.5	(8.5)
37	28	Allied Plant 10p	28	.....	†1.58	4.1	8.0	3.3
117	45½	Armitage Shnks.	113	.....	♦4.4	2.4	5.8	9.0
46	23	Arncliffe 10p	25	+1	2.66	3.4	15.2	(2.1)
252	148	BPB Inds. 50p	212	−3	♦9.0	3.4	6.1	5.6
60	41	Baggeridge Brk.	51	.....	3.75	3.0	10.5	(3.5)
20	14	Bailey Ben 10p.	15	.....	1.44	3.1	12.9	3.6
145	80	Barratt Dev. 10p.	133	.....	H12.35	3.3	12.8	3.6

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FINANCIAL TIMES
Friday January 16 1981

SEAMEN MAY CONSIDER RE-WEIGHTED 12%

Ship owners to renew offer

BY JOHN LLOYD, LABOUR CORRESPONDENT

SHIPPING employers yesterday sought to re-table their pay offer of 12 per cent to the National Union of Seamen. It had been withdrawn earlier in the week following its rejection by the union's executive council.

Mr. Roderick MacLeod, the chief negotiator for the General Council of British Shipping, attempted to contact Mr. Jim Slater, the NUS general secretary—who spent the day in Hull—to arrange a meeting aimed at clearing up any "misunderstanding" which might have arisen between the two sides.

Mr. Macleod said it appeared that the NUS might regard the 12 per cent offer as weighted too heavily on the side of overtime payments. The shipping council had gained the impression during last week's talks at the Advisory, Conciliation and Arbitration Service that the union indeed wanted more on the overtime rates.

"We had thought that because of the emphasis the NUS put on overtime, that was the way to go. We would now be prepared to re-examine a number of possibilities we discussed at ACAS," he said.

In raising the offer last week from 10.5 to 12 per cent, the council added the extra 1.5 per cent to overtime payments. It is now possible that, if the NUS agrees to a further meeting, the entire 12 per cent might be offered on basic rates.

However, Mr. MacLeod insisted that no addition could be made to the offer. He denied that a 12 per cent offer on basic pay would lead to an increase in the wage bill of more than 12 per cent.

As the first cases of dismissal because of the action were recorded in Hull, the council claimed that 49 ships in UK and foreign ports were laid up, while the NUS claimed that the number of crews already taking, or pledged to take, industrial action in UK and foreign ports exceeded 170.

General Council members discussed the stoppage of pay to seamen on strike during a meeting of the industrial relations committee yesterday, but their decision was not disclosed.

Talks between the council and the Merchant Navy and Airline Officers Association are scheduled for today. The officers are likely to delay negotiations until the seamen's settlement is concluded. They received an offer of 10.5 per cent last month.

Crew dismissed, Page 10

Lonrho open to offers for stake in Fraser

By John Moore

MR. TINY ROWLAND, chief executive of Lonrho, the largest shareholder in House of Fraser, said yesterday that Lonrho will consider any *reasonable offer for its stake* in the F raser group.

He made the statement as Fraser shareholders were voting by post for his group's resolution opposing a £29m sale and leaseback deal of Fraser's, D.H. Evans store.

Neither sides was claiming victory last night in Lonrho's struggle to gain influence in the affairs of House of Fraser. It is estimated, however, that House of Fraser supporters have lodged more than 66m votes out of a total of 150m votes against Lonrho's resolution.

Lonrho may decide to sell its stake in the Fraser group if it loses its battle.

Lonrho tested the market for a sale about nine weeks ago. Up to 10 institutions were approached by two stockbrokers *acting on behalf* of Lonrho, but they were only prepared to take the stake at between 90p and 95p a share.

House of Fraser's share *price fell 2p yesterday to* 125p.

Mr. Rowland said yesterday that if Warburg and Cazenove, respectively merchant banker and stockbroker to the Fraser group, were to put forward a consortium for Lonrho's stake, he would consider any reasonable offer."

"If we lose this battle it will not be because of the small shareholders," he said. "We have received thousands of proxy votes."

Fraser and Lonrho, Page 19;
Property, Page 12

Turkish 'aid' statement angers West Germans

BY JONATHAN CARR IN BONN

WEST GERMAN Government officials reacted with open surprise and irritation yesterday to a Turkish statement that Bonn had agreed to lead a new Western aid effort for Turkey.

Mr. Turgut Ozal, the Turkish Deputy Prime Minister, told journalists in Bonn that West Germany would again organise an aid package by member-countries of the Organisation for Economic Co-operation and Development, as last year.

West German officials said last night that no concrete commitment to head a Turkish aid effort had been made.

Herr Hans Dietrich Genscher, the Foreign Minister, they added, had told Mr. Ozal of the concern with which the Bonn Government and West German public opinion followed the development of the political situation in Turkey, where the military seized power in September. He stressed the need to respect human rights.

Apparntly Herr Genscher told Mr. Ozal that respect for human rights must be a cornerstone of the domestic policies of members of the Western Alliance.

Amnesty International has details of about 12 people said to have died during interrogation since the military coup, and the generals say that 30,000 people have been detained for questioning.

Herr Genscher apparently stopped short of drawing a direct link between provision of aid and the generals' human rights record.

Turkey remains heavily reliant on Western aid for economic recovery. Last year OECD members provided fresh credits of $1.16bn (£483m) and rolled over $3bn of official debt falling due in the next three years.

Mr. Ozal says that this year Turkey looks for a larger total of fresh credits.

After talks with Chancellor Helmut Schmidt and finance economics officials, he said that he felt a meeting to pledge fresh funds could be held by late March. It is understood that Mr. Ozal was heard with interest and sympathy as he explained his Government's measures.

Bonn stresses that it remains ready in principle to help Turkey "as a reliable partner in the Western alliance and a factor of stability for the whole region," as Herr Hans Matthoefer, the Finance Minister, now on holiday, said last year.

Metin Munir writes from Ankara: Yesterday Gen. Kenan Evren, leader of the junta and Head of State, promised that a constituent assembly would be established "between August 30 and October 29" to draft a constitution.

Former politicians would be barred from the assembly and political leaders like Mr. Suleyman Demirel and Mr. Bulent Ecevit, last two elected Prime Ministers, not allowed to return to active politics.

Gen. Evren, who was visiting Konya, a provincial capital 160 miles from Ankara, said: "After the constituent assembly is established and legislates the necessary laws, we will entrust the Government to an administration loyal to the principles of Atatürk [the founder of modern Turkey]. That is a soldier's promise—it is a promise of honour."

Itel board considers bankruptcy

BY DAVID LASCELLES IN NEW YORK

ITEL, the deeply-troubled San Francisco leasing company, is to hold a board meeting today to consider bankruptcy proceedings.

The company said yesterday the meeting is likely to last into the weekend, and that probably there would be no announcement until next week. Consideration of bankruptcy was only one item on the agenda, although it would not say what else the board would discuss.

Itel said it had dropped its financial advisers, Goldman Sachs, and hired Lehman Brothers Kuhn Loeb in their place.

Today's board meeting follows the collapse of Itel's efforts to restructure its debt of $1.3bn (£504m). A plan put together early last year with the company's institutional creditors had to be abandoned after it transpired that Itel's financial situation was far worse than first thought. The recent surge in U.S. interest rates greatly added to the strains.

Part of Itel's debt is to European banks, including Credit Lyonnais, Banque Nationale de Paris, Credit Suisse, Swiss Bank Corporation, and Banco di Roma. The company also floated about $90m worth of bonds on the Euromarket of which $75m is outstanding. It has not paid any interest on its unsecured debt for nine months.

The picture is complicated by Itel's failure to reach agreement with Lloyds of London on the settlement of more than $200m in claims arising from insurance policies covering its computer leasing activities.

Although an outline accord was reached last year, Lloyds and Itel differ in their interpretation of it, and Itel said settlement of the Lloyds issue was essential to any survival plan.

Itel made a loss of $54.3m in the first nine months of 1980, and had a negative net worth of $260m. Its problems were triggered when IBM introduced technological innovations which cut the computer leasing market from under Itel's feet.

Continued from Page 1

Chrysler

formal bankruptcy proceedings

If Chrysler does go into bankruptcy, the security of the banks' $3bn in loans to the Chrysler Financial Company, a wholly owned subsidiary of Chrysler, will be in question.

Mr. Lee Iacocca, Chrysler's chairman, said he was delighted with the deal, which could release up to $2bn in new concessions to the company.

But he admitted that $300m of the $400m intended for release by the Government is already spoken for by suppliers.

The possibility of a merger, coupled with general relief at the conditional agrement of the Loan Board, caused Chrysler's stock to rise from $5¼ to $5¾.

The Board has asked for indications of the reaction from interested parties to the deal by its next meeting today, but Chrysler said yesterday it believed it had two weeks to line up the necessary agreements from banks and others. That is the statutory period which must elapse between Loan Board agreement and the release of the $400m.

Debate on unions sought

Continued from Page 1

should stop wasting everybody's time by exhuming stale ideas that were buried with the Industrial Relations Act, and start tackling the economic crisis that has already swelled the ranks of the unemployed to over 3m people," he said.

The CBI described the document as a "useful contribution" which would start a process of consultation with its membership, while the Engineering Employers Federation said it was impressed by the Government's "cautious, objective and responsible approach" to delicate issues. "Previous attempts to curb excessive union power have failed. Now the achievement of a lasting solution based on wide public support is more essential than ever."

The Institute of Directors, which has been hawkish on the issue of trade union reform, said a debate was long overdue and the 1980 Act had not dealt with union power "in any serious way."

Two main issues are covered in the Green Paper. The first is whether the law should be brought further into areas like industrial action, collective agreements and secret ballots and whether trade unions as well as individuals should be liable for damages.

The second is whether the British system of immunities should be replaced by a corresponding set of rights, following the example of other countries.

But it also points the way towards greater worker participation and a forum in which the TUC, government and employers can work out a "stable relationship."

Pensions protest

By Eric Short

EDITORS OF national newspapers, the BBC and Independent Television Companies are to be lobbied by pensioners on the National Pensioners' Day to be held on March 4. There will also be a national lobby of Parliament.

Postal strike

POSTAL SERVICES within the Isle of Man are suspended until further notice because of an unofficial strike by postal grade staff. The Union of Communication Workers said that a productivity scheme had not been implemented. Talks will be held on Monday

MLR cut unlikely before Budget

BY RICHARD EVANS, LOBBY EDITOR

A CLEAR hint that interest rates are unlikely to fall before the Budget on March 10 came from Sir Geoffrey Howe, Chancellor of the Exchequer, in the Commons yesterday when he defended the Government's economic strategy.

Sir Geoffrey told MPs that, when he considered the level of the public sector borrowing requirement for next year (normally announced on Budget day), he would also give "proper weight to the need to ensure further progress" on the reduction in the minimum lending rate from the current 14 per cent.

Although the Chancellor was notably cautious on interest rates and on the wisdom of deliberately trying to lower the value of sterling, he was optimistic on other aspects of the economy.

He forecast a "further large fall" in inflation in the January index and said there was hope that this would be followed by single figure inflation by the end of the year. Significant progress on conquering inflation was being made and would be sustained, he declared.

There was also a real prospect that the world recession would bottom out some time this year. But he admitted that the exact timing of the end of the decline in UK industrial output was difficult to predict.

The Chancellor's theme was the Government's continued determination to adhere to its economic policies. He warned industry that "a long and difficult period of adjustment" still lay ahead.

It would be "absolutely crazy" to change course now, he said. The first signs of success were being seen as the Government tackled problems present for decades. No alternative being put forward by the Labour Party would succeed but instead would send inflation roaring ahead again.

Earlier, Mr. Peter Shore, in his first Commons major speech since becoming Shadow Chancellor, called on the Government to stimulate industry and increase demand.

He made several proposals, including a reduction in the National Insurance surcharge, a further cut in MLR, a more competitive exchange rate, and a drastic change in the Government's policy towards financing nationalised industries.

"To arerst and reverse the present increase in unemployment there has to be a major reversal of Government policy or we are on the road to ruin," Mr. Shore declared.

The only question was how much damage would be inflicted on the British economy before this "stubborn, myopic and divisive Government" was forced to alter course

Parliament, Page 10

Unigate set to sell baby foods subsidiary

By Andrew Fisher

A MAJOR regrouping in the European baby foods industry is in prospect with the planned sale by Unigate, the UK dairy and foods concern, *of its Cow and Gate subsidiary* to a Dutch concern.

Unigate, formed over 20 years ago when United Dairies merged with Cow and Gate, also intends to take a *minority stake in the buyer*, NV Verenigde Bedrijven Nutricia.

A combination of Cow and Gate and Nutricia would create the third largest company in Europe's baby foods market with sales of over £50m.

Nestle of Switzerland leads the market by a long way. Other major participants are Heinz of the U.S. and West German's *Milupa*.

Market leader

In the UK, Cow and Gate is slightly ahead in this market of both Glaxo and Wyeth International, part of American Home Products.

Yesterday, Unigate said its talks with Nutricia should lead to a deal by March or April. Cow and Gate accounts *for under 3 per cent* of Unigate's total business.

Apart from the UK, Cow and Gate also sells to India, Pakistan, parts of Africa, Sri Lanka and the West Indies. Nutricia is well represented in European markets, as well as such former Dutch colonies as Indonesia.

Both companies make milk products for babies, with Nutricia also producing flavoured milks and juices. Outside the infant market, the Dutch concern makes coffee essences and creams and margarine.

Growth slowed

Cow and Gate made a small profit before tax and interest last year. But declining birth rates and increasing pressures to control baby food sales in the Third World have led to slower growth rates in the industry.

Unigate has, therefore decided to use its cash—it raised £87m from the sale of its creameries in 1979—in other ways than trying to boost its baby food business. Recently, it paid over £25m for Giltspur, the UK exhibition services, freight and engineering company.

Nutricia ranks about fourth or fifth on its own in Europe's baby foods sector and has suffered from declining profits in recent years, paying no *dividend for 1979.*

It is a publicly-quoted company, currently worth about Fl 52m (£10m) on the Dutch stock market.

Partnership in its infancy, *Page 6*

Weather

UK TODAY

SUNNY at first but clouding from the west.

London, E. England, S. and N.W. Scotland
Sunny periods, sleet or snow later. Max. 4C (39F).

Rest of England, Wales, W. Scotland, Ulster
Cloudy, snow turning to rain. Max. 7C (45F).

N.E. Scotland
Snow showers. Max. 2C (36F).

Outlook: Showers, with sleet in north and east. Cold.

WORLDWIDE

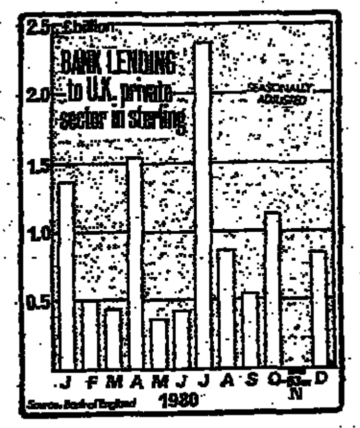
		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	12	54	London	Sl	5	41
Algiers	F	14	57	L. Ang †	Fg	12	54
Amsdm.	Sn	1	34	Luxmbg	C	0	32
Athens	F	15	58	Madrid	F	10	50
Bahrain	F	17	63	Majorca	C	15	59
Barclna.	C	12	54	Malaga	C	11	52
Belfast	Sn	2	36	Malta	R	11	52
Belgrd	S	3	37	Mchstr.	S	3	37
Berlin	F	2	36	Mx. C	—	—	—
Biarritz	R	11	52	Miami †	F	13	55
Bmghm	F	0	32	Milan	C	2	36
Blackpl.	C	4	39	Montrl †	F	−24	−11
Bordx	R	9	48	Moscow	C	−5	23
Boulgn.	C	4	39	Munich	F	1	34
Bristol	S	5	41	Nairobi	F	27	81
Brussels	F	3	37	Naples	C	9	48
Budpst.	Sn	−4	25	Nwcstl.	C	1	34
Cairo	F	22	72	N. York †	C	−4	25
Cardiff	C	4	39	Nice	S	15	59
Casbca	S	14	57	Nicosia	R	14	57
Cape T	C	23	73	Oporto	C	12	54
Chicg †	Sn	−5	23	Oslo	F	−1	30
Cologne	Sn	3	37	Paris	F	6	43
Cpnhgn.	F	2	36	Perth	S	26	79
Corfu	F	11	52	Prague	C	1	34
Dallas	F	1	34	Reykjvk.	S	−15	5
Denver †	F	−4	25	Rhodes	R	14	57
Dublin	F	3	37	Rio J'o	—	—	—
Dbrvnk.	C	5	41	Riyadh	S	16	61
Ednbgh.	S	1	34	Rome	R	9	48
Faro	F	14	57	Salzbrg.	Sn	0	32
Florence	R	0	32	S'cisco †	F	6	43
Frankft	Sn	2	36	Seoul	C	−3	27
Funchal	C	17	63	S'tiago	—	—	—
Geneva	C	2	36	Stckhm.	C	1	34
Gibrltr.	F	13	55	Strasbg	F	5	41
Glasgow	C	1	34	Sydney	S	25	77
G'rnsey	R	6	43	Tangier	C	11	52
Helsinki	Sn	−4	25	Tel Aviv	C	21	70
H. Kong	S	21	70	Tenerife	C	11	52
Innsbrk	F	3	37	Tokyo	S	7	45
Invrnss	C	0	32	T'ronto †	Sn	−9	16
I. o Man	F	3	37	Tunis	F	12	54
Istanbul	S	10	50	Valencia	C	12	54
Jeddah	S	31	88	Venice	C	−1	30
Jersey	C	7	45	Vienna	S	0	32
Jo'burg	F	27	81	Warsaw	Sn	0	32
L. Plms	C	16	61	Wshngtn	Sn	1	34
Lisbon	C	13	55	Zurich	F	1	34
Locarno	C	1	34				

C—Cloudy F—Fair Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. † Noon GMT temperatures.

THE LEX COLUMN

Paying cash on the nail for UDT

Index rose 2.5 to 448.5



Maybe it serves the Trustees Savings Banks right for taking six months to produce the documents on the proposed takeover of 75 per cent of United Dominions Trust's instalment credit business. But Lloyds and Scottish has no doubt been poised to intervene for some time, and *it has now formally* emerged with its conditional terms of some 55p a share for UDT, for a deal which would kill off the TSB proposals.

The puzzle, perhaps, is that L and S has taken so long to decide to buy UDT which has, been judged too full of problems until very recently, but it has now shrunk back to its straightforward core activities and the refinancing of its lifeboat support (probably these days much less than £100m) is something that L and S can now contemplate without misgivings.

What must have given the L and S Board encouragement during the autumn was the way the UDT share price languished while the TSB deal was being so slowly put together. It got down to 37p before recent leaks led to a rally, and plainly L and S feels it can offer a very attractive alternative. But it has to persuade the Pru and Eagle Star, which have effective control of UDT, that the proposed takeover is the best solution.

Lloyds Bank and the Royal Bank of Scotland are putting up £42m each in cash to provide most of the finance for the deal. By buying back for cash four-fifths of the shares to be issued by L and S they will maintain their shareholdings. And since, from L and S's point of view, it is an all-equity transaction, it should be able to avoid any erosion of its borrowing ratio.

Grand Metropolitan

After tumbling an exaggerated 10 per cent in a fortnight, affected by gloom in the brewery sector, Grand Metropolitan's share price jumped an also exaggerated 8p to 146p yesterday on results which really were too predictable to justify such gyrations. Profits for the year are 12 per cent higher at £152.1m before tax, an outturn which justifies the group's half-time caution after the 21 per cent growth rate achieved in the first six months. In fact, it looks as though the second half would not have shown any profits growth but for the first time contribution of Liggett, in for a seasonally favourable four-month period in which it comfortably covered its financing costs.

A change in the divisional structure makes it hard to assess the precise second half profits pattern, but it is apparent that brewing was unexciting during the summer (though apparently the weakness was more on the Continent than in the UK) while the wines and spirits division was hit by the strength of sterling. A steady performance in hotels waso ffset by weakness at Berni Inns, affected by ebbing consumer confidence in the UK. But there were some strong areas too. Foods benefited from the *push into new products, and* the leisure division moved ahead healthily on the back of bingo, betting and gaming (helped by two new casinos, and the demise of some of the London competition).

This year is expected to show some further profits growth, but the trading background does not suggest anything very dynamic. For the time being the balance sheet, burdened by almost £600m of debt, is perhaps the key area of interest, though thanks to some energetic revaluations (breweries are now in at replacement cost) the group is able to claim that debt is no more than 46 per cent of shareholders' funds. More tangibly, there is 3½ times interest cover and a strong cash flow, while the dollar currency risk has been diversified. So although the yield is a modest 66 per cent it is well covered and growing, and the group has shown in the past year that it is very quick on its feet—in contrast to struggling rivals like Imperial Group or Allied Breweries

Gilt-edged

The gilt-edged market seized on Mr. Nigel Lawson's confession of yet further overshoot of the PSBR yesterday, and long bond prices fell by a point. Experience has taught the market to place more faith in admissions of failure than in *promises* of future good behaviour. In addition, the full money supply figures for banking December threw up an uncomfortably high bank lending figure of £820m.

Yet most analysts already believed the Treasury's PSBR forecast to be too low, and the bank lending figure seems to have been inflated by sterling refinancing of foreign currency debt. As usual when there is a sick tap stock around, that was the real focus of conversation, and the market is gradually coming to the familiar conclusion that the tap price will eventually have to be cut and that there is no point buying until then.

The last tap stock was only sold out after a blood-letting, and another cut would lend support to Mr. Lawson's criticism of the funding mechanism. The Bank of England would doubtless argue that excess borrowing, rather than deficient funding technique, is the real problem.

S. & W. Berisford

Only weeks before the Monopolies Commission is due to report on its take-over bid for the British Sugar Corporation, S. and W. Berisford has come out with a very fair set of figures. Pre-tax profits have risen from £32.2m to £36.1m in the year to September, with a 20 per cent increase coming in the second half, a period during which the sugar market (in contrast to dealings in coffee and cocoa) was unusually active. The group also enjoyed nearly £1m of interest saving on the cash from its July rights issue.

Shareholders in both Berisford and BSC have seen their income usefully increased as a result of the bid: BSC has doubled its dividend while Berisford's, as forecast at the time of the rights issue, is up 30 per cent. Berisford shares rose 6p to 182p yesterday, at which level the yield is nearly 8 per cent, the p/e on a 25 per cent tax charge 6½—and the market capitalisation of £200m roughly a third bigger than BSC's.

Now that Berisford's growth has slowed from the spectacular levels of the late 1970s its rating must to some extent reflect its heavy reliance on commodity trading as a source of earnings. The quoted asset backing was 146p a share as of last September; Berisford could turn a lot of its assets into cash more easily than most companies, but this figure includes a hefty chunk of goodwill.

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